

【Translation】

Stock Code: 5227



**Advanced Lithium Electrochemistry
(Cayman) Co., Ltd.**

**Handbook for the 2015 Annual Meeting
of Shareholders**

Meeting Time: 9:00 am, Friday, June 12, 2015
Place: No. 68, Fengtian Road, Bade District, Taoyuan 334 ,Taiwan (The
Company's Multi-Function Hall)

| Table of Contents | |
|---|------|
| I. Meeting Agenda | P2 |
| II. The Company Reports | P3 |
| III. Proposals | P4 |
| VI. Discussion and Election Matters | P5 |
| V. Questions and Motions | P7 |
| IV. Attachments | P8 |
| 1. Business Report | P8 |
| 2. Audit Committee's Review Report | P12 |
| 3. Business Plan of 2014 | P13 |
| 4. File Revision Comparison table of the Rules Governing Codes of Ethics | P15 |
| 5. File Revision Comparison table of the Guidelines for Operating in Good Faith | P18 |
| 6. Consolidated Financial Statements and CPA Audit Report | P38 |
| 7. Deficit Compensation of 2014 | P46 |
| 8. File Revision Comparison table of the Articles of Incorporation | P47 |
| 9. File Revision Comparison table of the Regulations Governing Shareholders' Meeting | P54 |
| 10. File Revision Comparison table of the Procedures for Election of Directors | P57 |
| 11. File Revision Comparison table of the Regulations Governing Endorsement & Guarantee Operations | P60 |
| 12. The list of Independent Director candidate | P63 |
| 13. The items of the Release the Prohibition on Director from Participation in Competitive Business | P64 |
| IIV. Appendices | |
| 1. Articles of Incorporation (Before revision) | P65 |
| 2. Regulations Governing Shareholders' Meeting (Before revision) | P111 |
| 3. Procedures for Election of Directors (Before revision) | P124 |
| 4. Rules Governing Codes of Ethics (Before revision) | P130 |
| 5. Guidelines for Operating in Good Faith (Before revision) | P136 |
| 6. Regulations Governing Endorsement & Guarantee Operations (Before revision) | P144 |
| 7. Shareholdings of All Directors | P157 |

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN)
CO., LTD. (The Company)

Procedure for the 2015 Annual Meeting of Shareholders

Meeting Time: 9:00 am, Friday, June 12, 2015

Place: No. 68, Fengtian Road, Bade District, Taoyuan 334 ,Taiwan (The Company's
Multi-Function Hall)

Procedure:

- 一、Call the Meeting to Order
- 二、Chairperson Remarks
- 三、Report Items
 - (一)To report the business of 2014
 - (二)Audit Committee's review report
 - (三)To report the business plan of 2014
 - (四)To report the revise of the Rules Governing Codes of Ethics
 - (五)To report the revise of the Guidelines for Operating in Good Faith
- 四、Proposed Items
 - (一)Adoption of 2014 Business Report and Financial Statements
 - (二)Adoption of the Proposal for 2014 Deficit Compensation
- 五、Discussion and Election Items
 - (一) Amendment to the Company's Articles of Incorporation
 - (二) Amendment to the Regulations Governing Shareholders' Meeting
 - (三) Amendment to the Procedures for Election of Directors
 - (四) Amendment to the Regulations Governing Endorsement & Guarantee
Operations
 - (五) By-election of the Director
 - (六) Proposal of Release the Prohibition on Director from Participation in
Competitive Business
- 六、Questions and Motions
- 七、Adjournment

Report Items

Report No. 1

To report the business of 2014

Explanation:

The 2014 Business Report is attached as pp8-11, Attachment 1.

Report No. 2

Audit Committee's review report

Explanation:

The 2014 Audit Committee's Review Report is attached as p12, Attachment 2.

Report No.3

To report the business plan of 2014

Explanation:

The 2014 Business Plan is attached as pp13-14, Attachment 3.

Report No.4

To report the revise of the Rules Governing Codes of Ethics

Explanation:

The modification table of the Rules Governing Codes of Ethics is attached as pp15-17, Attachment 4.

Report No.5

To report the revise of the Guidelines for Operating in Good Faith

Explanation:

The modification table of the Guidelines for Operating in Good Faith is attached as pp18-37, Attachment 5.

Proposed Items

Proposal No. 1 (Proposed by the Board)

Adoption of 2014 Business Report and Financial Statements

Explanation:

- 一、The Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Amenda Lin and Tina Cheng of PWC Firm.
- 二、Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of the Company.
- 三、The 2014 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as pp8-11, pp38-45, Attachment 1 and Attachment 6.

Resolution:

Proposal No. 2 (Proposed by the Board)

Adoption of the Proposal for 2014 Deficit Compensation

Explanation:

- 一、Please refer to the 2014 Deficit Compensation Statement as follows:

Deficit Compensation Statement
2014

(Unit: NTD\$)

| Items | Total |
|--|---------------|
| Accumulated deficit of prior years | (362,808,331) |
| (-): 2014 net loss | (563,110,522) |
| Deficit yet to be compensated – at the end of 2014 | (925,918,853) |
| Items for compensating deficit: | |
| Additional paid-in capital | 925,918,853 |
| Deficit yet to be compensated | 0 |

- 二、The Company proposed not to distribute dividends, compensation of directors and employee bonus.
- 三、The Deficit Compensation of 2014 is attached as p46, Attachment 7.

Resolution:

Discussion and Election Items

Proposal No. 1 (Proposed by the Board)

Amendment to the Company Articles of Incorporation. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice and related commercial laws, the Company hereby proposes to amend the Articles of Incorporation. Please refer to pp47-53 (Attachment 8) for details.

Resolution:

Proposal No. 2 (Proposed by the Board)

Amendment to the Regulations Governing Shareholders' Meeting. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice and related commercial laws, the Company hereby proposes to amend the Regulations Governing Shareholders' Meeting. Please refer to pp54-56 (Attachment 9) for details.

Resolution:

Proposal No. 3 (Proposed by the Board)

Amendment to the Procedures for Election of Directors. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice and related commercial laws, the Company hereby proposes to amend the Procedures for Election of Directors. Please refer to pp57-59 (Attachment 10) for details.

Resolution:

Proposal No. 4 (Proposed by the Board)

Amendment to the Regulations Governing Endorsement & Guarantee Operations. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice, the Company hereby proposes to amend the Regulations Governing Endorsement & Guarantee Operations. Please refer to p60-62 (Attachment 11) for details.

Resolution:

Proposal No.5 (Proposed by the Board)

By election the Director.

Explanation:

- 一、 The Independent Director Wang, Ming Teh has resigned on Dec 24, 2014.
According to the Articles of Incorporation, the Independent director shall be elected from the nomination list prepared by the Company.
- 二、 The term of the new Independent Director will start from June 12, 2015 and conclude on June 22, 2017.
- 三、 The qualification of the 1 nominated Independent Director has been reviewed by the Board Meeting on April 27, 2015. Personal information of the nominee please see p63 (Attachment 12).

Voting Results

Proposal No.6 (Proposed by the Board)

Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation:

Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please see p64 (Attachment 13).

Resolution:

Questions and Motions

Adjournment

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

2014 Business Report

I. Principle of Operation, Overview and Results of Implementation of operation plan

The mean daily concentration value of carbon dioxide of the earth atmosphere in 2014 already broke through the threshold of 400ppm, formally announced that human beings would encounter a dangerous zone of a new sustained survival. Meanwhile, during this year, CHAI Ching, a former reporter of China Central Television, was shooting the program of “Under the Sky”, audaciously and profoundly disclosed the black curtain of haze, shocking the whole world. Chinese officials have early known the serious situation of the environment. Under the premise of causing no public anxiety and taking the economic development into consideration, therefore, during these years, alternative energy and new energy vehicles have been actively promoted. Meanwhile, it also has led the entire related industries to rapidly develop. The products of Advanced Lithium Electrochemistry – the lithium ferrous phosphate material and electric bus, are among the industries with major support. In accompany with the new energy policy led by the new leader in China, under the initiation of solid power, the consolidated revenue of Advanced Lithium Electrochemistry in 2014 is NT\$864,823,000, with a growth of about 50% than that in 2013.

The important results of the implementation of operation plan shall be listed as follows:

- (1) In 2014, Advanced Lithium Electrochemistry established Bade Innovative R&D Park, and signed a cooperation memorandum with SONY Co. of Japan, formally developing the R&D of lithium ferrous phosphate (referred to as LFP) battery, the key core technology of electric bus, energy storage system;
- (2) In 2014, the electric bus through cooperation between Advanced Lithium Electrochemistry and its suppliers was formally admitted to enter into the market of China, becoming the first manufacturer among the ones with foreign capital which was approved to be admitted into the market of China;
- (3) Advanced Lithium Electrochemistry formally established a corporate social responsibility committee; following the “Taiwan Corporate

Sustainability Awards” granted by R.O.C., Advanced Lithium Electrochemistry further was granted with such awards of “2014 Taiwan Corporate Sustainability Awards (TCSA)” as

- * Gold award of “Large Enterprise Technology Electronic Manufacturing Industry” of Taiwan Top 50 Corporate Sustainability Report Awards
- * Growth through Innovation Awards

Advanced Lithium Electrochemistry also completed such requirements as sustainable operation environment, caring shareholders’ equity, a friendly response to employees, suppliers, government, non-government organizations and community members, etc., to create a more favorable operation environment, upgrade operation performance and create the corporate value.

Extending China’s 12th five-year plan and 13th five-year plan, the new energy subsidy policy would continue till 2021. In view of the perspective of the future 1~3 years, Advanced Lithium Electrochemistry would, following the green energy policy promotion direction, continue to expand its market share ratio and, in the material R&D direction, move toward the anode material R&D of high circulation life and high energy density, to be applied to battery, energy storage system. In the development of electric car industry, it attempts to engage in R&D of the new generational multifunctional vehicle system, manufacture, R&D and sales of charging/swap system, and integrate the cooperation partners of up/middle/down streams, to jointly create the maximum niche.

II. Financial Income and Expenses and Profitability Analysis

| Unit: K NTD | | | |
|-------------------------------------|------------------------|-----------|-----------|
| | Item | 2014 | 2013 |
| Financial Income and Expenses | Operating revenues | 864,823 | 577,069 |
| | Gross Operating Profit | 42,938 | 30,248 |
| | Net Operating Profit | (577,425) | (405,330) |
| Profitability | Gross Profit % | 5% | 5% |
| | Net Profit % | -67% | -70% |

Note: Prepared according to IFRS.

III. Status on R&D

(1) Lithium ferrous phosphate battery (LFP) and cathode materials

1. Continue to improve and enhance the functionality of existing products.
2. Introduce updated nano-powder design and post processing technology of nano-powder to fulfill all types of customization requirements for our customers.
3. Introduce the latest type of spray drying granulation technology to elevate our processing functionality for customers and enabling the functionality of cathode materials to be even more refined.
4. Develop high voltage olivine-structured cathode materials to effectively increase its energy density.
5. Actively seek out various research institutes to start out on joint development projects, thereby developing newer type of battery management system and electrolyte additives to improve the lifecycle of batteries.

(2) Manufacture, R&D and sales of electric bus, battery, charging/swap system

1. It is scheduled to fulfill the development and safety test for 10.5-ton electric truck, 10.5-ton electric garbage truck.
2. It is scheduled to fulfill the development and safety test for 18m articulated bus.
3. It is scheduled to fulfill the development and safety test for high-speed long-range electric bus.

IV. Accumulated Loss Situation

Accumulative losses to be covered to December 31, 2014 is NT\$925,918,853, already reaching one half of the paid in capital.

Chairman: Sheng-Shih Chang [sealed]

General Manager: Sheng-Shih Chang [sealed]

Accounting Supervisor: Hsing-Fang Tsai [sealed]

AUDIT REPORT ISSUED BY THE AUDIT COMMITTEE

MEMBERS

Be it known that the Company's Business Report, Financial Reports and the loss offsetting proposals of Year 2014 duly worked out by the board of directors. Of them, the Financial Reports have been duly audited by two Certified Public Accountants, i.e., Amenda Lin and Tina Cheng of PricewaterhouseCoopers Taiwan who, after completion of the auditing process, duly issued the Audit Report.

The aforementioned Business Report, Financial Reports and the loss offsetting proposals have been reviewed by the Audit Committee who endorse them all as nothing inappropriate. This Report is hereby duly issued in accordance with Paragraph 3 of Article 14-4 of the Securities and Exchange Act.

Attn.: Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

2015 Shareholders' Meeting

Convener of Audit Committee: Wei-Min Sheng

March 23, 2015

Report on the Implementation Situation of the 2014 Sound Operation Plan of this Company

Description

The implementation situation of the 2014 sound operation plan of this company is described as follows:

1. The operating revenue is \$864,823,000, compared with the amount of \$577,069,000 during the corresponding period of 2013, there is an increase of \$287,754,000 (about the increase of 50%), the increase in operating revenue compared with the corresponding period last year mainly is because:
 - 1.1 Material Business Division favored by the initiation of downstream market of power lithium battery out of the promulgated policy of new energy of China, facilitating the 2014 sales demand to continuously increase, with an increase of \$315,505,000 than the corresponding period of 2013, with a growth of 62%. However, due to the market demand and price reduction of competitors of the same trade, the average sales price is reduced by 21% than the corresponding period last year.
 - 1.2 The power conversion income of Automobile Electricity Business Division, due to the expiration of Kinmen County demonstration operation contract, is reduced by \$5,375,000 that last year (-34%). In the part of car sales, 4 units of 2014 are reduced by 7 units than last year; the sales revenue reduction is \$22,390,000 (-45%). Therefore, the total income of Automobile Electricity Business Division is reduced by \$27,750,000 (42%) than the corresponding period of 2013.
2. The operating cost is \$821,885,000, compared with the amount of \$546,821,000 during the corresponding period of 2013, there is an increase of \$275,064,000 (an increase of about 50%), in which:
 - 2.1 The operating cost of Material Business Division in 2014 is \$591,846,000, compared with \$360,058,000 of the corresponding period last year, shows an increase of 64%, which is caused due to the increase of sales volume. The average unit cost and idling cost are separately reduced by 6% and 69%.
 - 2.2 The operating cost of Automobile Electricity Business Division in 2014 is \$230,039,000, compared with the corresponding period last year of \$186,762,000, shows an increase of 23%, which is caused due to the increase of cost out of the loss on inventory.
3. The gross profit is \$42,938,000, compared with \$30,248,000 of the corresponding period last year, shows an increase of \$12,690,000; while the gross profit ratio is slightly reduced from 5.24% of last year to 4.96%, with the following reasons:
 - 3.1 Though the unit sales price of Material Business Division drops, yet under the elevation of utilization rate of productive capacity and effective cost control, the gross profit ratio of 28.40% shows not much difference from 29.54% of last year. Therefore, under the situation of increase in sales volume, the total income also increases than that of last year. In the future, it could continue to engage in R&D of new product for the clients to certify, in order to expand the application scope of products in the energy storage market. Meanwhile, it would respond to the electromotor industry market demand of Mainland China, in order to reduce the

product cost and upgrade market competitiveness.

- 3.2 Since the Automobile Electricity Business Division is in its operation development stage, it fails to attain the industry scale economy. In addition, the automobile sales volume this year is less, making the gross profit ratio-501% to be worse than -183% of last year.
4. The operating expense is \$620,363,000, compared with \$435,578,000 of the corresponding period last year, showing an increase of \$184,785,000 (about an increase of 42%):
 - 4.1 The operating expense of \$361,103,000 of the Material Business Division in 2014, compared with the corresponding period last year, there is an increase of \$41,850,000 (13%), in which the sales expense of \$163,423,000 shows an increase of \$40,530,000 (33%) than the corresponding period last year, mainly caused by the increase of royalty expense in accompany with the increase of shipment. The overhead expense of \$94,032,000, compared with that of the corresponding period last year, shows a decrease of \$10,052,000 (-9.66%); the R&D expense of \$103,647,000, compared with that of the corresponding period last year, shows an increase of \$11,372,000 (12%).
 - 4.2 The operating expense of \$259,261,000 of Automobile Electricity Business Division in 2014, compared with the corresponding period last year, shows an increase of \$142,935,000(123%), in which, the sales expense increases by \$5,887,000 (49%) than the corresponding period; the overhead expense increases by \$57,977,000 (125%); while the R&D expense increases by \$79,071,000 (136%), out of the growth in manpower expense, continued input in R&D and the additional establishment of Bade Research Center which led to the increase in related expenses.
5. The operating loss is \$577,425,000, compared with the corresponding period last year (2013), shows a loss of \$405,330,000, with an increase of \$172,095,000 (about 42%).
6. The net loss after tax of \$563,111,000, compared with the corresponding period last year (2013), shows a loss of \$408,358,000, with an increase of \$154,752,000 (about 38%).

As of December 31, 2014, the consolidated financial status is still in deficit, however, the net profit before tax of the Nano-powder Business Division of Q4 already turns to positive \$26,899,000 while sales income increases and close to full production capacity, the operating cost has continuously been reduced, the gross profit turns to be stable. Though the operation expense slightly increases (13%) than the corresponding period last year, yet compared with the magnitude of sales increase (62%), it still is deemed to be normal and controllable. At present, Material Business Division has gradually been on the right track, with commendable sales prospective. In accompany with the gradual clarity in new energy automobile subsidy policy of China, the Automobile Electricity Business Division would actively accelerate its cooperation progress with the public transportation sectors. Since the Automobile Electricity Business Division is still in its growth stage, therefore the operating expense still slightly increases, mainly out of the input in battery-related R&D to upgrade its product performance and competitiveness.



File Revision Comparison Table

Form No.:

| Document Name | Rules Governing Code of Ethics | Document No. W-FA-I-018 | Version after Revision | B |
|---------------|--|---|--|---|
| Article Item | Content before revision | Content after revision | Description of revision reasons | |
| 5.2 | A director, supervisor and manager shall handle business in an objective and efficient manner, and shall not facilitate himself/herself, spouse, parent, child or a relative within <u>third</u> degree of kinship to gain improper interest out of his/her function performed in the company. In case an affiliated enterprise where the aforementioned personnel belong to engages in capital lending or guaranty providing, major asset trade, purchase (sales) transactions with this company and its subsidiaries, a related director, supervisor or manager shall take initiative to describe to the company if there is any potential conflict of interest between him/her and the company. | A director, supervisor and manager shall handle business in an objective and efficient manner, and shall not facilitate himself/herself, spouse, parent, child or a relative within <u>second</u> degree of kinship to gain improper interest out of his/her function performed in the company. In case an affiliated enterprise where the aforementioned personnel belong to engages in capital lending or guaranty providing, major asset trade, purchase (sales) transactions with this company and its subsidiaries, a related director, supervisor or manager shall take initiative to describe to the company if there is any potential conflict of interest between him/her and the company. | Revision is made in accordance with the Letter of Jin-Guan-Zheng -Fa-Zi No. 1030051379 of Financial Supervisory Commission of Executive Yuan dated January 27, 2015. | |
| 5.8.1 | New addition to this section | Anonymity and confidentiality: In order to encourage employees to submit a report about illegal matters, as an employee engages in a response, he/she may choose | | |



| | | | |
|-------|---|---|--|
| | | <p>the anonymity way, but this company encourages an employee to express his/her identity to facilitate the engagement in communication and investigation. The unit receiving a response shall apply reasonable preventive and protective measures to ensure the investigation quality, and the company would fulfill its utmost effort to protect the safety of a reporter, to avoid the person from suffering any revenge.</p> | |
| 5.8.2 | New addition to this section | <p>External response comments mechanism:</p> <p>In order to promote the operation mission and maintain the reputation of this company, this company provides an external response mechanism, to facilitate clarification and communication.</p> | |
| 5.9 | <p>In case a director, supervisor, or manager engages any action in offense of the code of ethics, the company shall take action in accordance with related rules, and shall disclose such information as <u>the job title, name</u>, offense date, offense reason, offended code and disposition situation, etc. <u>of the violating personnel</u> in the Market Observation Post System at real time. <u>In case anyone is punished due to offense of the regulations of these rules, a</u></p> | <p>In case a director, supervisor or manager engages any action in offense of the code of ethics, the company shall take action in accordance with related rules, and shall disclose such information as the offense date, offense reason, offended code and disposition situation, etc. of the violating personnel in the Market Observation Post System at real time. <u>The company shall also establish the related appeal system, and provide the remedy</u></p> | |



| | | | |
|------|--|--|--|
| | <u>person in offense may submit an appeal in accordance with the related regulations.</u> | <u>approach of a party in offense of the code of ethics.</u> | |
| 5.10 | In case there is a necessity for a director, supervisor or manager to be waived in observing the regulations of this code, it is required to be approved through the resolutions in a board of directors meeting, and disclose such information as <u>the job title, name of the personnel approving waive and the date of approving the waive</u> of a board of directors meeting, period, reason, applicable code, etc. in the Market Observation Post System at real time, to facilitate shareholders to evaluate if the resolutions made in a board of directors meeting are adequate, to avoid any willful or suspicious waive situation from occurrence, and ensure a due control mechanism is provided for any observation waive situation, to protect the company. | In case there is a necessity for a director, supervisor or manager to be waived in observing the regulations of this code, it is required to be approved through the resolutions in a board of directors meeting, and disclose such information as the date of approving the waive of a board of directors meeting, <u>objection or reservation comments of an independent director</u> , period, reason, applicable code, etc. in the Market Observation Post System at real time, to facilitate shareholders to evaluate if the resolutions made in a board of directors meeting are adequate, to avoid any willful or suspicious waive situation from occurrence, and ensure a due control mechanism is provided for any observation waive situation, to protect the company. | |
| 5.11 | This company shall disclose this code of ethics in its annual report, prospectus, and the Market Observation Post System; the same shall apply in case of a revision. | This company shall disclose this code of ethics in <u>its corporate website</u> , annual report, prospectus, and the Market Observation Post System; the same shall apply in case of a revision. | |



File Revision Comparison Table

Form No.:

| Document Name | Guidelines for Operating in Good Faith | Document No. W-FA-I-012 | Version after Revision | B |
|---------------|---|---|--|---|
| Article Item | Content before revision | Content after revision | Description of revision reasons | |
| 5.2 | The directors, managers, employees of the Company and its affiliates or other persons who have <i>de facto</i> control (hereinafter referred to as the “Persons with <i>De Facto</i> Control”) shall not, during the process of conducting business behaviors, directly or indirectly offer, undertake, request or receive any improper benefits, or perform other dishonest activities which are breach of good faith, unlawful or breach of fiduciary duty to attain or maintain interests (hereinafter referred to as the “Dishonest Activities”). | When engaging in commercial activities, directors, managers, employees, and <u>mandataries</u> of the Company and its affiliates or other persons with de facto control over the Company (hereinafter referred to as "the persons with de facto control") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit dishonest acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as "dishonest activities") for purposes of acquiring or maintaining benefits. | Revision is made in accordance with the Letter of Jin-Guan-Zheng -Fa-Zi No. 1030039898 of Financial Supervisory Commission of Executive Yuan dated October 31, 2014. | |
| 5.7 | The Company shall adopt the guidelines for the prevention of the Dishonest Activities as follows (hereinafter referred to as the “Prevention Guidelines”) according to relevant laws and regulations of the place of | The policies for <u>corporate operating in good faith</u> and the related <u>procedures and guide to good practice</u> for preventing dishonest activities (hereinafter referred to as “the Preventive Program”, established by this | | |



| | | | |
|--|--|---|--|
| | <p>business operation of the affiliates and organizations:</p> <p>5.7.1 Providing and receiving bribery;</p> <p>5.7.2 Unlawful political donations;</p> <p>5.7.3 Improper charitable donations or sponsorship;</p> <p>5.7.4 Offering or accepting unreasonable gifts, treats or other improper benefits.</p> | <p>company in accordance with the related laws of the places where the affiliates and organization operation is located, <u>including but not limited to the periodical employee education & training, employee job rules, and the signing of employment contract with an employee, convening of periodical meetings, and engaging in communications with the clients, with trade transactions, suppliers and other stakeholders, and establish a sunshine/appeal mailbox in the corporate website, to terminate the occurrence of dishonest activities.</u></p> <p><u>The preventive programs formulated by the Company shall at least include the following preventive measures:</u></p> <p>5.7.1 Offering and acceptance of bribes.</p> <p>5.7.2 Providing illegal political donations.</p> <p>5.7.3 Improper charitable donations or sponsorship.</p> <p>5.7.4 Offering or acceptance of unreasonable presents, hospitality, or other improper benefits.</p> <p>5.7.5 <u>Infringement of trade secrets, trademark rights,</u></p> | |
|--|--|---|--|



| | | | |
|-----|---|--|--|
| | | <p><u>patent rights, copyrights, and other intellectual property rights.</u></p> <p>5.7.6 <u>Engaging in unfair competitive practices.</u></p> <p>5.7.7 <u>Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</u></p> | |
| 5.8 | <p>The Company and its affiliates shall carry out business activities in a fair and transparent way. The Company and its affiliates shall, before carrying out any business transactions, consider that whether their agents, suppliers, customers or other persons with whom they carry out the business transactions are legal or not and whether they have any record of the Dishonest Activities or not, to avoid transacting with those with such record. The agreements executed by the Company and its affiliates with others shall contain the terms and conditions specifying that the policies of operating in good faith shall be complied with and that the</p> | <p>The Company and its affiliates shall engage in commercial activities in a fair and transparent manner <u>based on the policies of operating in good faith.</u> Prior to any commercial transactions, the Company and its affiliates shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them <u>are involved in</u> records of dishonest activities, and shall avoid any dealings with persons so involved. When entering into contracts with <u>its agents, suppliers, clients, or other trading counterparties,</u> the Company and its affiliates shall include in such contracts terms requiring</p> | |



| | | | |
|------|--|--|--|
| | <p>agreements may from time to time be terminated or rescinded if the counterparties are involved in any Dishonest Activities.</p> <p>Notwithstanding the above, this Clause 5.8 shall not apply to the offer or acceptance of improper benefits by the agents, contractors, suppliers, public servants or other interested parties which is allowed by the laws of the place of business operation.</p> | <p>compliance with the policies for corporate operating in good faith and providing that in the event the trading counterparties <u>are involved in dishonest activities</u>, the Company and its affiliates may at any time terminate or rescind the contracts.</p> | |
| 5.9 | <p>The Company and its affiliates and their directors, managers, employees and the Persons with <i>De Facto Control</i> shall not directly or indirectly offer, undertake, request or receive any improper benefits in any forms (including rebates, commissions, lobbying expenses) or offer improper benefits to or accept improper benefits from the customers, agents, contractors, suppliers, public servants or other interested parties in any other ways when performing their duties. Notwithstanding the above, this Clause 5.9 shall not apply to those which are allowed by the laws of the place of business operation.</p> | <p>When conducting business, the directors, managers, employees, <u>mandataries</u>, and the persons with de facto control of the Company and its affiliates, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits including rebate, commission, facilitating payment, or in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p> | |
| 5.10 | <p>The donations directly or</p> | <p>When directly or indirectly</p> | |



| | | | |
|------|--|--|--|
| | <p>indirectly offered by the Company and its affiliates and their directors, managers, employees and the Persons with <i>De Facto Control</i> to political parties or the organizations or individuals participating in political activities shall comply with the Political Donations Act and relevant internal procedures of the companies, and shall not be used to acquire business interests or transactional advantages.</p> | <p>offering a donation to political parties or organizations or individuals participating in political activities, the directors, managers, employees, <u>mandataries</u>, and the persons with de facto control of the Company and its affiliates shall comply with the Political Donations Act and relevant internal operational procedures of the Company, and shall not make such donations in exchange for commercial gains or business advantages.</p> | |
| 5.11 | <p>The charitable donations or sponsorships provided by the Company and its affiliates and their directors, managers, employees and the Persons with <i>De Facto Control</i> shall comply with relevant laws and regulations and internal procedures, and shall not be used as bribes in disguise.</p> | <p>When making or offering donations and sponsorship, the directors, managers, employees, <u>mandataries</u>, and the persons with de facto control of the Company and its affiliates shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p> | |
| 5.12 | <p>The Company and its affiliates and their directors, managers, employees and the Persons with <i>De Facto Control</i> shall not directly or indirectly provide or accept any unreasonable gifts, treats or other improper benefits to build business relationships or affect business transactions.</p> | <p>The directors, managers, employees, <u>mandataries</u>, and the persons with de facto control of the Company and its affiliates shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence</p> | |



| | | | |
|------|---|---|--|
| | | commercial transactions. | |
| 5.13 | The board of directors of the Company shall perform its duty of due care as a reasonable person to require the Company and its affiliates to prevent the Dishonest Activities, and shall from time to time review and perpetually improve the implementation of the prevention of the Dishonest Activities to ensure that the policies of operating in good faith are realized. | <u>The directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</u> | |
| 5.14 | To perfect the management of operating in good faith, a responsible department is advised to be designated to adopt, supervise and implement the policies of operating in good faith and relevant prevention plans and to report to the board of directors periodically. | <u>The Company and its affiliates shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or kinds of commerce.</u> | |
| 5.15 | The directors, managers, employees and the Persons with <i>De Facto</i> Control of the Company and its affiliates shall comply with laws and regulations and the prevention plans when performing their duties. | <u>In the course of research and development, procurement, manufacture, provision, or sale of products and services, the directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates shall observe</u> | |



| | | | |
|------|--|--|--|
| | | <p><u>applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services; and shall also formulate publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operation activities, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that products or services are likely to cause any hazard to the safety and health of consumers or other stakeholders, the Company and its affiliates shall recall those products or suspend the services immediately.</u></p> | |
| 5.16 | <p>The Company and its affiliates shall adopt the policies of the prevention of conflict of interests, and shall provide appropriate channels for the directors and managers to actively clarify that whether they have potential conflict of interests with the Company or not.</p> | <p><u>The directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates shall exercise the due care of good administrators to urge the Company and its affiliates to prevent dishonest activities, review the results of its implementation from time to time</u></p> | |



| | | | |
|------|--|--|--|
| | | <p><u>and continually make improvements so as to ensure thorough implementation of its policies for corporate operating in good faith.</u></p> | |
| 5.17 | <p>The directors of the Company shall strictly discipline themselves. The directors may deliver their opinions and reply but shall not participate in discussion or vote on the proposals raised in the meetings of the board of directors in which the directors or the legal persons represented by the directors have interests that may harm the interests of the Company. In such case, when discussing or voting on the proposals, the directors shall leave the meetings and shall not vote on behalf of any other directors. Disciplines shall also exist among the directors, under which the directors shall not provide inappropriate supports to each other.</p> | <p>To achieve the sound corporate operating in good faith, the Company shall establish a dedicated unit that is subordinate to the board of directors and responsible for formulating and supervising the implementation of the policies for corporate operating in good faith and preventive programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis. Its duties mainly include:</p> <p>5.17.1 <u>Assisting in incorporating ethics and moral values into the Company's operation strategy and formulating relevant preventive measures against corruption and malfeasance to ensure the operating in good faith in compliance with the requirements of laws and regulations.</u></p> | |



| | | | |
|--|--|--|--|
| | | <p>5.17.2 <u>Formulating programs to prevent dishonest activities and setting out in each program the standard operating procedures and conduct guidelines with respect to the operations and business.</u></p> <p>5.17.3 <u>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for dishonest activities.</u></p> <p>5.17.4 <u>Promoting and coordinating awareness and educational activities with respect to the policies in good faith.</u></p> <p>5.17.5 <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> | |
|--|--|--|--|



| | | | |
|------|---|---|--|
| | | <p>5.17.6 <u>Assisting the board of directors and management in auditing and assessing whether the preventive measures taken for the purpose of implementing the operating in good faith are effectively operating, and preparing reports on the regular assessment of compliance with the operating in good faith in related procedures.</u></p> | |
| 5.18 | <p>The directors and managers of the Company and its affiliates shall not make themselves or their spouses, parents, children or any other persons acquire improper benefits by taking advantage of the positions the directors and managers hold in the Company.</p> | <p><u>When conducting business, the directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates, shall observe regulations of laws and the preventive program.</u></p> | |
| 5.19 | <p>The Company and its affiliates shall establish effective accounting systems and internal control systems for the operational activities which are more likely to be regarded as the Dishonest Activities, and shall from time to time review those systems to ensure the perpetual effectiveness of their design and implementation.</p> | <p><u>The Company and its affiliates shall formulate policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from dishonest activities, and shall also provide appropriate channel for directors and managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests</u></p> | |



| | | | |
|------|--|---|--|
| | | <u>would potentially conflict with those of the Company.</u> | |
| 5.20 | The internal auditors of the Company and its affiliates shall audit the compliance of the systems referred to in the preceding paragraph, and shall make the audit reports based thereon to be submitted and reported to the board of directors. | When a proposal at a board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, independent directors, managers, and other stakeholders attending or present at board meetings of the Company and its affiliates, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another improperly. | |
| 5.21 | The Company shall adopt the operational procedures and the code of conducts according to Clause 6, specifically regulating the notable issues for the directors, managers, employees and the Persons with <i>De Facto</i> | <u>The directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates shall not take advantage of their positions or influence in the Company to obtain improper</u> | |



| | | | |
|--|--|--|--|
| | <p>Control of the Company and its affiliates to follow when performing their duties. The contents of the operational procedures and the code of conducts shall contain at least the following issues:</p> <p>5.21.1 The standard for the recognition of the offer or acceptance of improper benefits.</p> <p>5.21.2 The handling procedures for the provision of legal political donations.</p> <p>5.21.3 The handling procedures and the standard amount for the provision of proper charitable donations or sponsorships.</p> <p>5.21.4 The regulations on the avoidance of the conflict of interests related to positions and the reporting and handling procedures therefor.</p> <p>5.21.5 The confidentiality requirements on the confidential and commercially sensitive information acquired in</p> | <p><u>benefits for themselves, their spouses, parents, children or any other person.</u></p> | |
|--|--|--|--|



| | | | |
|------|---|--|--|
| | <p>the course of business.</p> <p>5.21.6 The regulations on and the handling procedures for the suppliers, customers and business-related counterparties involved in the Dishonest Activities.</p> <p>5.21.7 The handling procedures for the breach of the guidelines for operating in good faith.</p> <p>5.21.8 The punishment and discipline imposed on violators.</p> | | |
| 5.22 | <p>The Company shall arrange educational trainings and propaganda for the directors, managers, employees and the Persons with <i>De Facto</i> Control of the Company and its affiliates periodically, and shall invite the counterparties with which the Company has business transactions to attend the educational trainings and propaganda in order to make them fully understand the resolution of the Company to implement the principle of operating in good faith, the</p> | <p><u>The Company and its affiliates shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an dishonest activities, shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.</u></p> | |



| | | | |
|------|--|--|--|
| | <p>policies and prevention plans adopted by the Company therefor, and the outcomes of the breach thereof.</p> | | |
| 5.22 | <p>The Company and its affiliates shall combine the policies of operating in good faith with the performance evaluation for employees and the policies for human resources to establish a specific and effective reward-punishment system.</p> | <p>Redundancy in article number</p> | |
| 5.23 | <p>The Company and its affiliates shall provide proper channels for people to report concerns, and shall duly keep confidential the identities of the people who report concerns and the contents of the concerns reported.</p> | <p><u>The internal audit unit of the Company and its affiliates shall periodically examine the status of compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</u></p> | |
| 5.24 | <p>The Company and its affiliates shall clearly establish the reward-punishment system and the complaint-reporting system for the breach of the requirements on operating in good faith, and shall promptly disclose the information such as: the position and name of the person who breaches the requirements on operating in good faith; the date</p> | <p><u>Internal operational procedures and conduct guidelines established by the Company shall concretely provide matters to be noted by the directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates in conducting business. Contents of such matters shall at least include:</u></p> <p>5.24.1 <u>Standards for determining</u></p> | |



| | | | |
|--|--|--|--|
| | <p>of his/her breach; the contents of his/her breach; and the status of the handling of his/her breach in the internal website of the companies.</p> | <p><u>whether improper benefits have been offered or accepted.</u></p> <p>5.24.2 <u>Procedures for offering legitimate political donations.</u></p> <p>5.24.3 <u>Procedures and the standard rates for offering charitable donations or sponsorship.</u></p> <p>5.24.4 <u>Rules for avoiding work-related conflicts of interests and how they should be reported and handled.</u></p> <p>5.24.5 <u>Rules for keeping confidential trade secrets and sensitive business information obtained in the course of business.</u></p> <p>5.24.6 <u>Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of dishonest activities.</u></p> <p>5.24.7 <u>Handling procedures for</u></p> | |
|--|--|--|--|



| | | | |
|------|---|---|--|
| | | <p><u>violations of Guidelines for Operating in Good Faith.</u></p> <p>5.24.8 <u>Disciplinary measures on offenders.</u></p> | |
| 5.25 | <p>The Company and its affiliates shall disclose the status of their implementation of the guidelines for operating in good faith in the websites of the companies, annual reports and prospectuses according to relevant laws and regulations.</p> | <p><u>The chairman, general manager, or senior management of the Company and its affiliates shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis.</u></p> <p><u>The Company shall periodically organize education, training and awareness programs for the directors, managers, employees, mandataries, and the persons with de facto control of the Company and its affiliates and invite the Company’s commercial transaction counterparties to participate in the program, so that they may fully understand the Company’s decision to implement the corporate operating in good faith, the related policies, preventive programs and the consequences of committing dishonest activities.</u></p> | |
| 5.26 | <p>These Guidelines shall be enforced after being approved by the board of directors and report</p> | <p><u>The Company and its affiliates shall combine the policies of corporate operating in good faith</u></p> | |



| | | | |
|------|--|--|--|
| | to the general meeting. The same shall apply to any amendment to these Guidelines. | <u>with its employee performance appraisal system and human resource policies, to establish a clear and effective reward and discipline system.</u> | |
| 5.27 | | <p><u>The Company and its affiliates shall establish a concrete and feasible violation reporting system and scrupulously operate the system. Its contents shall at least include the following matters:</u></p> <p>5.27.1 <u>Establishing and publishing an internal independent misconduct reporting mailbox or hotline, or appointing other external independent institution to provide a misconduct reporting mailbox or hotline, for use of the Company's internal and external persons.</u></p> <p>5.27.2 <u>Designating a dedicated personnel or unit to handle reports of misconduct. Any misconduct involving a director or senior manager shall be reported to the independent directors. Categories of</u></p> | |



| | | | |
|--|--|---|--|
| | | <p><u>reported misconduct and standard operating procedures for the investigation shall be formulated.</u></p> <p>5.27.3 <u>Documentation and maintenance of case acceptance, investigation processes, investigation results, and relevant documents produced.</u></p> <p>5.27.4 <u>Confidentiality of the identity of reporters and the content of reported cases.</u></p> <p>5.27.5 <u>Measures for protecting reporters from inappropriate punishments due to their reports</u></p> <p>5.27.6 <u>Incentive measures for reporters.</u></p> <p><u>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the misconduct reporting system shall immediately prepare a report and</u></p> | |
|--|--|---|--|



| | | | |
|------|--|---|--|
| | | <u>notify the independent directors in written form.</u> | |
| 5.28 | | <u>The Company and its affiliates shall provide and publish a well-defined disciplinary and appeal system for handling violations of the rules for corporate operating in good faith, and shall make immediate disclosure on the Company's internal website of the information about the title and name of the violator, the date and details of the violation, and the actions taken in response thereto.</u> | |
| 5.29 | | <u>The Company and its affiliates shall establish and promote quantitative data relating to the operating in good faith and continuously analyze and assess the effectiveness of the promotion of policies for operating in good faith; shall disclose the measures taken for implementing the corporate operating in good faith, the status of implementation, the foregoing quantitative data, and the effect of promotion on the Company's website, annual reports, and prospectuses; and shall disclose contents of these Guidelines for Operating in Good Faith on the Market Observation Post System.</u> | |



| | | | |
|------------------------|-----|---|--|
| 5.30 | | <p><u>These Guidelines shall be implemented after being adopted by the board of directors, and shall be submitted at a shareholders' meeting. The same procedure shall apply for amendment thereto. When the Guidelines for Operating in Good Faith are submitted for discussion by the board of directors, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director who cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u></p> | |
| 6. Reference document: | N/A | <p><u>Code of Ethical Conduct for TWSE/GTSM Listed Companies</u></p> | |

D-DC-I-006B

Report of Independent Accountants

PWCR 14003552

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

We have audited the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our audits.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. as of December 31, 2014 and 2013, and the financial performance and their cash flows for the years then

ended, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

March 23, 2015

The accompanying consolidated financial statements are not intended to present the financial position and financial performance 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, 2014 AND 2013

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Assets | Notes | December 31, 2014 | | December 31, 2013 | |
|---------------------------|---|------------|---------------------|------------|---------------------|------------|
| | | | Amount | % | Amount | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 369,113 | 13 | \$ 821,767 | 30 |
| 1150 | Notes receivable, net | 6(3) | 153,038 | 5 | 22,262 | 1 |
| 1170 | Accounts receivable, net | 6(4) | 317,757 | 11 | 136,469 | 5 |
| 1180 | Accounts receivable – related parties, net | 6(4) and 7 | 20,440 | 1 | - | - |
| 1200 | Other receivables | | 5,396 | - | 11,453 | 1 |
| 1220 | Current income tax assets | | 22 | - | 47 | - |
| 130X | Inventories, net | 6(5) | 184,194 | 7 | 314,072 | 11 |
| 1410 | Prepayments | 7 | 105,127 | 4 | 82,581 | 3 |
| 1470 | Other current assets | 8 | 36,031 | 1 | 38,228 | 1 |
| 11XX | Total current assets | | <u>1,191,118</u> | <u>42</u> | <u>1,426,879</u> | <u>52</u> |
| Non-current assets | | | | | | |
| 1550 | Investments accounted for under the equity method | 6(6) | 59,869 | 2 | 68,492 | 3 |
| 1600 | Property, plant and equipment, net | 6(7) and 8 | 1,305,261 | 46 | 966,961 | 35 |
| 1780 | Intangible assets | 6(8) | 225,752 | 8 | 244,137 | 9 |
| 1840 | Deferred income tax assets | 6(25) | 15,963 | 1 | 11,445 | - |
| 1900 | Other non-current assets | 6(9) and 8 | 34,208 | 1 | 36,384 | 1 |
| 15XX | Total non-current assets | | <u>1,641,053</u> | <u>58</u> | <u>1,327,419</u> | <u>48</u> |
| 1XXX | Total Assets | | <u>\$ 2,832,171</u> | <u>100</u> | <u>\$ 2,754,298</u> | <u>100</u> |

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity | Notes | December 31, 2014 | | December 31, 2013 | | |
|---|--|-------------------|---------------------|-------------------|---------------------|------------|
| | | Amount | % | Amount | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(10) | \$ 393,350 | 14 | \$ 91,194 | 3 |
| 2150 | Notes payable | | 13,998 | - | 24,187 | 1 |
| 2170 | Accounts payable | | 87,367 | 3 | 71,871 | 3 |
| 2180 | Accounts payable - related parties | 7 | - | - | 10,965 | - |
| 2200 | Other payables | 6(11) and 7 | 191,904 | 7 | 147,101 | 5 |
| 2220 | Other payables - related parties | 7 | 6,270 | - | - | - |
| 2250 | Provisions - current | 6(12) | 13,277 | - | 9,545 | - |
| 2320 | Long-term liabilities, current portion | | 106,228 | 4 | 12,010 | 1 |
| 2399 | Other current liabilities - others | | 99,589 | 4 | 76,032 | 3 |
| 21XX | Total current liabilities | | <u>911,983</u> | <u>32</u> | <u>442,905</u> | <u>16</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(13) and 8 | 216,659 | 8 | 45,999 | 2 |
| 2550 | Provisions – non-current | 6(12) | 4,665 | - | 4,665 | - |
| 2570 | Deferred income tax liabilities | 6(25) | 4,518 | - | - | - |
| 25XX | Total non-current liabilities | | <u>225,842</u> | <u>8</u> | <u>50,664</u> | <u>2</u> |
| 2XXX | Total Liabilities | | <u>1,137,825</u> | <u>40</u> | <u>493,569</u> | <u>18</u> |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common shares | 6(16) | 1,420,737 | 50 | 1,420,737 | 52 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(17) | 1,200,030 | 42 | 1,201,118 | 43 |
| Accumulated deficit | | | | | | |
| 3350 | Accumulated deficit | 6(18) | (925,919) | (32) | (362,809) | (13) |
| Other equity | | | | | | |
| 3400 | Other equity | 6(19) | (513) | - | 1,673 | - |
| 3500 | Treasury shares | 6(16) | - | - | - | - |
| 31XX | Equity attributable to owners of the parent | | <u>1,694,335</u> | <u>60</u> | <u>2,260,719</u> | <u>82</u> |
| 36XX | Non-controlling interest | | <u>11</u> | <u>-</u> | <u>10</u> | <u>-</u> |
| 3XXX | Total Equity | | <u>1,694,346</u> | <u>60</u> | <u>2,260,729</u> | <u>82</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| | Total Liabilities and Equity | | <u>\$ 2,832,171</u> | <u>100</u> | <u>\$ 2,754,298</u> | <u>100</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,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR LOSS PER SHARE)

| | Notes | 2014 | | 2013 | |
|--|----------------|----------------------|--------------|----------------------|--------------|
| | | Amount | % | Amount | % |
| 4000 | | | | | |
| Operating revenue | 7 | \$ 864,823 | 100 | \$ 577,069 | 100 |
| 5000 | | | | | |
| Operating costs | 6(5)(23) and 7 | (821,885) | (95) | (546,821) | (95) |
| 5900 | | | | | |
| Gross profit | | <u>42,938</u> | <u>5</u> | <u>30,248</u> | <u>5</u> |
| Operating expenses | 6(23) and 7 | | | | |
| 6100 | | | | | |
| Selling expenses | | (181,218) | (21) | (134,800) | (23) |
| 6200 | | | | | |
| General & administrative expenses | | (198,220) | (23) | (150,296) | (26) |
| 6300 | | | | | |
| Research and development expenses | | (240,925) | (28) | (150,482) | (26) |
| 6000 | | | | | |
| Total Operating Expenses | | (620,363) | (72) | (435,578) | (75) |
| 6900 | | | | | |
| Operating loss | | (577,425) | (67) | (405,330) | (70) |
| Non-operating income and expenses | | | | | |
| 7010 | | | | | |
| Other income | 6(20) | 12,578 | 1 | 10,745 | 2 |
| 7020 | | | | | |
| Other gains and losses | 6(21) | 25,103 | 3 | (547) | - |
| 7050 | | | | | |
| Finance costs | 6(22) | (13,041) | (1) | (4,778) | (1) |
| 7060 | | | | | |
| Share of loss of associates and joint ventures accounted for under equity method | 6(6) | (10,324) | (1) | (8,450) | (2) |
| 7000 | | | | | |
| Total non-operating income and expenses | | <u>14,316</u> | <u>2</u> | <u>(3,030)</u> | <u>(1)</u> |
| 7900 | | | | | |
| Loss before income tax, net | | (563,109) | (65) | (408,360) | (71) |
| 7950 | | | | | |
| Income tax expense | 6(25) | - | - | - | - |
| 8200 | | | | | |
| Net loss for the year | | <u>(\$ 563,109)</u> | <u>(65)</u> | <u>(\$ 408,360)</u> | <u>(71)</u> |
| Other comprehensive income, net | | | | | |
| 8310 | | | | | |
| Cumulative translation differences of foreign operations | 6(19) | (\$ 2,186) | - | \$ 3,490 | 1 |
| 8500 | | | | | |
| Total comprehensive loss for the year | | <u>(\$ 565,295)</u> | <u>(65)</u> | <u>(\$ 404,870)</u> | <u>(70)</u> |
| Loss attributable to: | | | | | |
| 8610 | | | | | |
| Equity holders of the Company | | (\$ 563,110) | (65) | (\$ 408,358) | (71) |
| 8620 | | | | | |
| Non-controlling interest | | <u>1</u> | - | (2) | - |
| Total | | <u>(\$ 563,109)</u> | <u>(65)</u> | <u>(\$ 408,360)</u> | <u>(71)</u> |
| Comprehensive loss attributable to: | | | | | |
| 8710 | | | | | |
| Equity holders of the Company | | (\$ 565,296) | (65) | (\$ 404,868) | (70) |
| 8720 | | | | | |
| Non-controlling interest | | <u>1</u> | - | (2) | - |
| Total | | <u>(\$ 565,295)</u> | <u>(65)</u> | <u>(\$ 404,870)</u> | <u>(70)</u> |
| 9750 | | | | | |
| Basic loss per share | 6(26) | <u>(\$ 3.96)</u> | | <u>(\$ 3.36)</u> | |

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,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Equity attributable to owners of the parent | | | | | | | | | | |
|---|---|---------------------|--|-----------------------------|-----------------|----------------------|--|----------------|---------------------|--------------------------|---------------------|
| | Notes | Common share | Capital surplus | | | Accumulated deficit | Cumulative translation differences of foreign operations | Treasury stock | Total | Non-controlling interest | Total equity |
| | | | Paid-in capital in excess of par value | Treasury stock transactions | Others | | | | | | |
| <u>2013</u> | | | | | | | | | | | |
| Balance at January 1, 2013 | | \$ 1,129,537 | \$ 511,951 | \$ 1,220 | \$ 4,410 | (\$ 177,495) | (\$ 1,817) | (\$ 7,273) | \$ 1,460,533 | \$ 3 | \$ 1,460,536 |
| Capital increase by cash | 6(16) | 291,200 | 905,452 | - | - | - | - | - | 1,196,652 | - | 1,196,652 |
| Capital surplus used to offset accumulated deficits | 6(18) | - | (223,044) | - | - | 223,044 | - | - | - | - | - |
| Purchase of treasury shares | 6(16) | - | - | - | - | - | - | (895) | (895) | - | (895) |
| Net loss for 2013 | | - | - | - | - | (408,358) | - | - | (408,358) | (2) | (408,360) |
| Other comprehensive income for 2013 | | - | - | - | - | - | 3,490 | - | 3,490 | - | 3,490 |
| Share-based payments | 6(15)(16)(24) | - | 343 | 786 | - | - | - | 8,168 | 9,297 | - | 9,297 |
| Changes in non-controlling equity | | - | - | - | - | - | - | - | - | 9 | 9 |
| Balance at December 31, 2013 | | <u>\$ 1,420,737</u> | <u>\$ 1,194,702</u> | <u>\$ 2,006</u> | <u>\$ 4,410</u> | <u>(\$ 362,809)</u> | <u>\$ 1,673</u> | <u>\$ -</u> | <u>\$ 2,260,719</u> | <u>\$ 10</u> | <u>\$ 2,260,729</u> |
| <u>2014</u> | | | | | | | | | | | |
| Balance at January 1, 2014 | | \$ 1,420,737 | \$ 1,194,702 | \$ 2,006 | \$ 4,410 | (\$ 362,809) | \$ 1,673 | \$ - | \$ 2,260,719 | \$ 10 | \$ 2,260,729 |
| Net loss for 2014 | | - | - | - | - | (563,110) | - | - | (563,110) | 1 | (563,109) |
| Other comprehensive loss for 2014 | | - | - | - | - | - | (2,186) | - | (2,186) | - | (2,186) |
| Others | | - | (1,088) | - | - | - | - | - | (1,088) | - | (1,088) |
| Balance at December 31, 2014 | | <u>\$ 1,420,737</u> | <u>\$ 1,193,614</u> | <u>\$ 2,006</u> | <u>\$ 4,410</u> | <u>(\$ 925,919)</u> | <u>(\$ 513)</u> | <u>\$ -</u> | <u>\$ 1,694,335</u> | <u>\$ 11</u> | <u>\$ 1,694,346</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,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | 2014 | 2013 |
|---|---------------|---------------|---------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Loss before tax for the year | | (\$ 563,109) | (\$ 408,360) |
| Adjustments to reconcile loss before tax to net cash used in operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Depreciation | 6(7)(23) | 175,909 | 147,980 |
| Amortisation | 6(8)(23) | 30,532 | 35,906 |
| (Reversal of) provision for bad debt expenses | 6(4) | 713 | - |
| Interest expense | 6(22) | 13,041 | 4,778 |
| Interest income | 6(20) | (722) | (582) |
| Share-based payments | 6(15)(16)(24) | - | 1,129 |
| Loss on disposal of property, plant and equipment | 6(21) | 10,944 | 245 |
| Property, plant and equipment transferred to expenses | 6(7) | 6,089 | - |
| Share of loss of associates and joint ventures accounted for under equity method | 6(6) | 10,324 | 8,450 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Notes receivable | | (21,202) | (11,311) |
| Accounts receivable | | (178,640) | 16,245 |
| Accounts receivable – related parties | | (20,440) | - |
| Inventories | 6(5) | 142,760 | (189,311) |
| Other receivables | | 6,187 | 5,522 |
| Prepayments | | (22,321) | (34,286) |
| Other current assets | | (137) | 12,734 |
| Net changes in liabilities relating to operating activities | | | |
| Notes payable | | (10,189) | 24,187 |
| Accounts payable | | 15,496 | 22,330 |
| Accounts payable - related parties | | (10,965) | 5,485 |
| Other payables | | 19,665 | 15,229 |
| Other current liabilities | | 23,557 | 14,145 |
| Provisions - current | | 3,732 | (9,000) |
| Cash used in operations | | (368,776) | (338,485) |
| Receipt of interest | | 722 | 582 |
| Interest paid | | (12,541) | (5,257) |
| Net cash used in operations | | (380,595) | (343,160) |

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | <u>Notes</u> | <u>2014</u> | <u>2013</u> |
|---|--------------|-------------|-------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Decrease in other financial assets | 8 | \$ 1,230 | \$ 7,954 |
| Decrease (increase) in other non-current assets | | (17,169) | 24,947 |
| Acquisition of property, plant and equipment | 6(27) | (491,711) | (212,232) |
| Proceeds from disposal of property, plant and equipment | | 2,645 | 308 |
| Increase in refundable deposits | | (3,811) | (8,801) |
| Acquisition of intangible assets | 6(8) | (12,147) | (4,377) |
| Net cash used in investing activities | | (520,963) | (192,201) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | | 718,209 | 330,101 |
| Decrease in short-term borrowings | | (525,627) | (345,464) |
| Increase in long-term borrowings | | 380,416 | - |
| Decrease in long-term borrowings | | (115,538) | (73,472) |
| Acquisition of treasury shares | 6(16) | - | (895) |
| Proceeds from issuance of common shares | 6(16) | - | 1,196,652 |
| Treasury shares purchased by employees | 6(16) | - | 8,168 |
| Others | | (1,088) | - |
| Net cash provided by financing activities | | 456,372 | 1,115,090 |
| Effect of changes in foreign currency exchange | | (7,468) | (4,108) |
| Increase (decrease) in cash and cash equivalents | | (452,654) | 575,621 |
| Cash and cash equivalents at beginning of year | | 821,767 | 246,146 |
| Cash and cash equivalents at end of year | | \$ 369,113 | \$ 821,767 |

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

Deficit Compensation Statement

2014

(Unit: NTD\$)

| Items | Total |
|--|---------------|
| Accumulated deficit of prior years | (362,808,331) |
| (-): 2014 net loss | (563,110,522) |
| Deficit yet to be compensated – at the end of 2014 | (925,918,853) |
| Items for compensating deficit: | |
| Additional paid-in capital | 925,918,853 |
| Deficit yet to be compensated | 0 |

Chairman: Sheng-Shih Chang General Manager: Sheng-Shih Chang Accounting Manager: Hsing-Fang Tsai



File Revision Comparison Table

| Document Name | Articles of Incorporation | Doc. No. | NA | Version after Revision |
|---------------|--|--|----|--|
| Article Item | Content before revision | Content after revision | | Description of revision reasons |
| 8. | The share capital of the Company is New Taiwan Dollars <u>2,000,000,000</u> divided into <u>200,000,000</u> 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. | The share capital of the Company is New Taiwan Dollars <u>3,000,000,000</u> divided into <u>300,000,000</u> 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. | | In order to conform to the needs of commercial practice. |



| | | | |
|-----|--|--|--|
| 13. | <p>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. <u>Unless otherwise provided by the Applicable Public Company Rules, where the Company issues the employee warrants pursuant to this Article, the number of shares for each issuance of employee warrants may not exceed 10% of the total issued Shares, and when outstanding employee warrants are taken into account, the aggregated volume may not exceed 15% of the total issued Shares. Further, where the Company issues employee warrants pursuant to this Article, the volume of the employee warrants granted to each employee may not exceed 10% of the total volume of each issue of employee warrants, and the number of shares that may be subscribed to by each employee for any given fiscal year may not exceed 1% of the total issued Shares as of the end of the fiscal year.</u> Options, employee warrants, or other similar instruments issued in accordance with this Article are not transferable save</p> | <p>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, <u>and in accordance with the Applicable Public Company Rules.</u> Options, employee warrants, or other similar instruments issued in accordance with this Article are not transferable save by inheritance.</p> | |
|-----|--|--|--|



| | | | |
|------------|---|---|---|
| <p>90.</p> | <p>by inheritance.</p> <p>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 <u>may</u> 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</p> | <p>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 <u>shall</u> 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</p> | <p>The procedure of elected directors shall apply nomination.</p> |
|------------|---|---|---|



| | | | |
|--|--|--|--|
| | <p>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.</p> <p>101. The office of Director shall be vacated, if the Director:</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors;</p> <p>(b) is found to be or becomes of unsound mind;</p> <p>(c) resigns his office by notice in writing to the Company;</p> <p>(d) is removed from office by Supermajority Resolution;</p> <p>(e) is the subject in an order made by any competent court or official on the grounds that he is or will be suffering</p> | <p>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.</p> <p>The office of Director shall be vacated, if the Director:</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors;</p> <p>(b) is found to be or becomes of unsound mind;</p> <p>(c) resigns his office by notice in writing to the Company;</p> <p>(d) is removed from office by Supermajority Resolution;</p> <p>(e) is the subject in an order made by any competent court or official on the</p> | <p>According to the GTSM No.10301018101 notice dated on Nov. 14, 2014.</p> |
|--|--|--|--|



| | | | |
|--|--|---|--|
| | <p>from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;</p> <p>(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 the time elapsed after he has served the full term of the sentence is less than five years;</p> <p>(g)having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;</p> <p>(h)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;</p> <p>or</p> <p>(i)having been dishonored for use of credit instruments, and the term of such sanction has not expired yet.</p> | <p>grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;</p> <p>(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 the time elapsed after he has served the full term of the sentence is less than five years;</p> <p>(g)having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;</p> <p>(h)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;</p> <p>or</p> <p>(i)having been dishonored for use of credit instruments, and the term of</p> | |
|--|--|---|--|



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

such sanction has not expired yet.

(j) 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) and (i) 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.



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.

D-DC-I-006B

File Revision Comparison Table

| Document Name | Regulations Governing Shareholders' Meeting | Doc. No. | W-FA-I-013 | Version after Revision | C |
|---------------|--|---|------------|--|---|
| Article Item | Content before revision | Content after revision | | Description of revision reasons | |
| 5.4 | <p>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 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</p> | <p>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 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</p> | | <p>In order to comply with the FSC No.1030051379 notice.</p> | |



| | | | |
|-------------|--|---|--|
| <p>5.6</p> | <p>books, supplementary data of the meeting readily accessible to shareholders, <u>displayed in the Company and the agent for stock affairs</u> fifteen days in advance of the shareholders' meeting, and to be handed out on-the-spot of the shareholders' meeting.</p> <p>The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, dissolution, merger, division 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>meeting readily accessible to shareholders, <u>displayed in the Company and its shareholder services agent as well as fifteen days in advance of the shareholders' meeting</u>, and to be handed out on-the-spot of the shareholders' meeting.</p> <p>The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, dissolution, merger, division <u>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</u> 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>5.18</p> | <p>Present shareholders shall attend a shareholders' meeting based on their participation certificates, participation sign-in cards or other presence certificate(s). A shareholder who solicits a proxy (power of attorney) shall also get ready identity certificate ready for verification.</p> | <p>Present shareholders shall attend a shareholders' meeting based on their participation certificates, participation sign-in cards or other presence certificate(s). <u>The Company shall not ask shareholders to show any other certificates.</u> A shareholder who solicits a proxy (power of attorney) shall also get ready identity certificate ready for verification.</p> | |



| | | | |
|-------------|---|---|--|
| <p>5.21</p> | <p>A shareholders' meeting convened by the Board of Directors shall call for the quorum of being attended by a majority of the total director seats of the Board of Directors.</p> | <p>A shareholders' meeting convened by the Board of Directors, <u>Chairman shall be chaired</u>, and it is advisable that attended by a majority of the total director seats of the Board of Directors · <u>and at least one seat of the Audit Committee being attended</u> · <u>and any other function committee member being attended</u>. Such situation of <u>attendant shall be recorded on the meeting minutes</u>.</p> | |
| <p>5.46</p> | <p>Unless otherwise provided for in the 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 shall announce the total number of balloting powers represented by the present shareholders.</p> | <p>Unless otherwise provided for in the <u>Company Act</u> 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 shall announce the total number of balloting powers represented by the present shareholders <u>and voting by each case</u>. <u>After the meeting, key in the results of agree, disagree and waived on the MOPS</u>.</p> | |

D-DC-I-006B



File Revision Comparison Table

| Title | Procedures for Election of Directors | Doc. No. | W-FA-I-014 | Version after Revision | B |
|-------|--|--|------------|---|---|
| Item | Content before revision | Content after revision | | Description of revision reasons | |
| 5.2 | Unless otherwise prescribed in law or Articles of Incorporation, the Company's directors shall be duly elected in accordance with these Procedures. | Unless otherwise prescribed in law or Articles of Incorporation, the Company's directors shall be duly elected in accordance with these Procedures. <u>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.</u> | | In order to comply with the FSC No.1030051379 notice. | |
| 5.3 | 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: 5.3.1 Capability in due judgement for business operation. 5.3.2 Capability in accounting and | The Company shall elect directors with due consideration of the overall layout. <u>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:</u> <u>5.3.1 Basic conditions and values: sex 、 age 、 nationality and culture etc. °</u> <u>5.3.2 Professional knowledge skill:</u> | | | |



| | | | |
|------------|---|---|--|
| <p>5.5</p> | <p>financial analyses. 5.3.3 Capability in business management. 5.3.4 Capability in dealing with crisis. 5.3.5 Expertise in industries. 5.3.6 Outlook in international markets. 5.3.7 Leadership. 5.3.8 Capability in policymaking process.</p> <p>The Company’s directors shall be duly elected through <u>named, accumulated balloting system</u>. Each</p> | <p><u>professional backgrounds(such as law, accounting, industry, financial, marketing or technical) 、 professional skill and industry experience etc.</u></p> <p>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: <u>5.3.3</u> Capability in due judgement for business operation. <u>5.3.4</u> Capability in accounting and financial analyses. <u>5.3.5</u> Capability in business management. <u>5.3.6</u> Capability in dealing with crisis. <u>5.3.7</u> Expertise in industries. <u>5.3.8</u> Outlook in international markets. <u>5.3.9</u> Leadership. <u>5.3.10</u> Capability in policymaking process.</p> <p>The Company’s directors shall be duly elected through <u>accumulated balloting system</u>. Each share of the</p> | |
|------------|---|---|--|



| | | | |
|------|--|---|--|
| 5.11 | <p>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 elect several candidates <u>separately</u>.</p> <p>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.</p> | <p>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 <u>allot</u> to several candidates.</p> <p>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 , <u>including list and the total number of the election powers</u>.</p> <p><u>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.</u></p> | |
|------|--|---|--|

D-DC-I-006B



File Revision Comparison Table

| Title | Regulations Governing Endorsement & Guarantee Operations | Doc. No. | W-FA-I-002 | Version after Revision | D |
|-------|--|--|------------|---|---|
| Item | Content before revision | Content after revision | | Description of revision reasons | |
| 5.2.5 | <p>Credit line limits for endorsements/guarantees:</p> <p>(1) Unless agreed upon by the shareholders' meeting, the total amount of endorsements/guarantees granted by the Company for other firms shall not exceed <u>40%</u> 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 <u>40%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> | <p>Credit line limits for endorsements/guarantees:</p> <p>(1) Unless agreed upon by the shareholders' meeting, the total amount of endorsements/guarantees granted by the Company for other firms shall not exceed <u>50%</u> 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 <u>50%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> | | <p>In order to conform to the needs of commercial practice.</p> | |



| | | |
|--|---|--|
| <p>(2) Unless agreed upon by the shareholders' meeting, the amount of endorsements/guarantees granted by the Company for any single enterprise shall not exceed <u>40%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> <p>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 <u>40%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> <p>(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</p> | <p>(2) Unless agreed upon by the shareholders' meeting, the amount of endorsements/guarantees granted by the Company for any single enterprise shall not exceed <u>50%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> <p>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 <u>50%</u> of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant.</p> <p>(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</p> | |
|--|---|--|



| | | | |
|--|---|--|--|
| | <p>of endorsements/guarantees and shall not exceed <u>40%</u> 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.</p> | <p>not exceed <u>50%</u> 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.</p> | |
|--|---|--|--|

D-DC-I-006B

The list of Independent Director candidate

| Name | Shareholdings(Note) | Academic Qualifications/Experience |
|----------------|---------------------|--|
| Tay Chang Wang | 0 | <ul style="list-style-type: none"> •PhD of University of Pennsylvania • Associate Professor of National Taiwan University College of Management •Supervisor of Der Yang Biotechnology Venture Capital •Director of TacBright Optronics Corporation |

Note: until April 14, 2015.

The items of the Release the Prohibition on Director from Participation in Competitive Business

| Name | The items |
|----------------|---|
| Tay Chang Wang | <ul style="list-style-type: none">•Professor of National Taiwan University College of Management•Independent Director of First Financial Holding Co., Ltd. (Audit Committee member)• Compensation Committee member of First Financial Holding Co., Ltd. |

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 June 19, 2012)

TABLE OF CONTENTS

| | |
|---|----|
| TABLE A..... | 1 |
| Interpretation..... | 1 |
| Preliminary..... | 5 |
| Shares..... | 5 |
| Power to issue Shares | 5 |
| Preferred Shares | 8 |
| Variation of Rights Attaching to Shares | 8 |
| Share Certificates..... | 9 |
| Fractional Shares..... | 10 |
| Alteration of Share Capital | 10 |
| Purchase of Own Shares | 10 |
| Transfer of Registered Shares..... | 13 |
| Transmission of Shares..... | 14 |
| Closing Register of Members or Designating a Record Date..... | 14 |
| Meetings of Members | 15 |
| General Meetings..... | 15 |
| Notice of General Meetings..... | 16 |
| Quorum and Proceedings at General Meetings | 17 |
| Votes of Members..... | 19 |
| Borrowing Powers of Directors | 30 |
| Disqualification of Directors | 30 |
| Proceedings Of Directors..... | 31 |
| Meetings of the Board of Directors | 31 |
| Dividends, Bonus and Reserve | 34 |
| Accounts And Audit | 36 |
| Capitalisation | 37 |
| Share Premium Account | 37 |
| Audit Committee..... | 38 |
| Compensation Committee..... | 39 |
| Tender Offer..... | 39 |
| Notices | 40 |
| Winding Up..... | 41 |
| Amendment Of Articles Of Association..... | 41 |
| Registration By Way Of Continuation..... | 41 |

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 [June 19], 2012)

1. The name of the Company is Advanced Lithium Electrochemistry (Cayman) Co., Ltd..
2. The Registered Office shall be at the offices of Portcullis TrustNet (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 objects for which the Company is established are unrestricted.
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 2,000,000,000 divided into 200,000,000 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 [June 19], 2012)

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. Unless otherwise provided by the Applicable Public Company Rules, where the Company issues the employee warrants pursuant to this Article, the number of shares for each issuance of employee warrants may not exceed 10% of the total issued Shares, and when outstanding employee warrants are taken into account, the aggregated volume may not exceed 15% of the total issued Shares. Further, where the Company issues employee warrants pursuant to this Article, the volume of the employee warrants granted to each employee may not exceed 10% of the total volume of each issue of employee warrants, and the number of shares that may be subscribed to by each employee for any given fiscal year may not exceed 1% of the total issued Shares as of the end of the fiscal year. 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.

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 the 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) dissolution, Merger or spin-off of the Company;
 - (d) 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;
 - (e) the transfer of the whole or any material part of its business or assets;
 - (f) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
 - (g) 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;
 - (h) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 124 hereof;
 - (i) 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;
 - (j) the Private Placement of any equity-type securities issued by the Company; and
 - (k) the transfer of Treasury Shares to the employees under Article 32 hereof.

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 a proposal for discussion at a annual general meeting in writing. 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 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 otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the chairman of the meeting may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman of the meeting shall declare the general meeting as dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles.
82. The chairman of a general meeting may, with the consent of a majority in number of those present at any general meeting at which a quorum is present, and shall if so directed, postpone or adjourn the meeting. The Company shall re-convene such general meeting within 5 days after the adjourned general meeting or at such other date fixed by an Ordinary Resolution adopted by the Members within such five days without giving a fresh notice of the date, time and place for resumption of the adjourned 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, 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 may 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 effected by a resolution 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 3% or more of the total number of outstanding Shares for a 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.

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 or makes any arrangement or composition with his creditors;
 - (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 in 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, or his/her legal capacity is restricted according to the applicable laws;
 - (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 the time elapsed after he has served the full term of the sentence is less than five years;
 - (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for

a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;

- (h) 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
- (i) having been dishonored for use of credit instruments, and the term of such sanction has not expired yet.

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

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. 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. The Company may distribute the profits according to the distribution plan approved by the Board of Directors with the sanction of an Ordinary Resolution, except in the case of Article 69 (a), by a Supermajority Resolution. The Board of Directors shall provide the distribution plan according to the following principles:
- (a) profits will first be used to offset the Company's losses of the current year or prior years;
 - (b) 10% of the remaining profits may then be set aside as legal reserve until the legal reserve amounts to the authorized capital;
 - (c) a portion of the remaining profits may then be set aside as a special reserve, if so required by Applicable Public Company Rules or government authorities; and
 - (d) of the remainder, after deductions have been made in accordance with (a) to (c) above, plus any sum outstanding to the credit of any of the Company's reserve accounts (including share premium

account and capital redemption reserve) or otherwise available for distribution in accordance with the applicable law plus undistributed retained earnings of the previous years, in part or in whole, (collectively, the "**Remaining Profits**"), shall be distributed in the following manner:

- (i) up to 1% of the Remaining Profits as bonuses to the Directors; and
- (ii) 1% to 10% of the Remaining Profits as bonus of the employees of the Company and its Subsidiaries.

The Board of Directors shall specify the percentages of the bonuses payable to the Directors and employees in the distribution plan which may subsequently be subject to the amendment by the Shareholders by way of resolutions. Thereafter, having considered the financial, business and operational factors, including the Company being in the growing stage during the business life cycle and the future expansion projects, any Remaining Profits may be distributed as dividends in accordance with the dividend policy aiming to strike a balance between different forms of dividends and the shareholders interests by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rate to the Members or combination of both, or bonuses which the Board of Directors is authorized to determine according to the Companies Law and Applicable Public Company Rules; provided, that the amount to be distributed as dividends shall not be less than 10% of the Remaining Profits and provided further that the cash dividends shall be no less than 10% of such Remaining Profits to be distributed.

- 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.

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, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect and to make copies of the Memorandum of Association, the Articles and accounting books and records.

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.



| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

Regulations Governing Shareholders' Meeting



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

| Revise History | | | | |
|----------------|-----------------|------------------|--------------|---|
| Version | Owner | Review | Release Date | Release Explain |
| A | Tsai Hsing-fang | Chang Sheng-shih | | First Release |
| B | Tsai Hsing-fang | Chang Sheng-shih | | In order to comply with the FSC No.1020002909 notice. |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

temporary (extraordinary) meeting of shareholders. The Company shall further have the 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 the agent for stock affairs 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 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.
- 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.

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

- 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 day 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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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). 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



| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

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 that serves as chair.

- 5.21 A shareholders' meeting convened by the Board of Directors shall call for the quorum of being attended by a majority of the total director seats of the Board of Directors.
- 5.22 In the event that 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 to the order to the meeting when the time scheduled for the meeting is up. In the event that the present shareholders fail to make a majority of the total issued shares, nevertheless, the chairperson may promulgate a deferment of the meeting within the maximum limit of two deferments. The total time accumulated in the deferment shall not exceed the maximum of one hour. In the event that the present shareholders after twice deferments still fail to make up the minimum quorum as specified in the Company's Articles of Incorporation, the chairperson may promulgate adjournment of the meeting. In the event that the shareholders' meeting is indispensable,

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

the Company shall convene a shareholders' meeting in accordance with the Articles of Incorporation anew.

- 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 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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

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 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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

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'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 shall announce the total number of balloting powers represented by the present shareholders.
- 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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

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.
- 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.

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

- 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". Where a shareholder objects, nevertheless, 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 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

| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-013 | Release Date | 130416 |
| Document Name | Regulations Governing Shareholders' Meeting | Version | B |

shareholders' meeting site.

- 5.63 During progress of a shareholders' meeting, the chairperson may fix a time as appropriate for a recess. Upon 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.
2. Minutes of shareholders' meeting.



| | | | |
|---------------|---|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

Procedures for Election of Directors



| | | | |
|---------------|--------------------------------------|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

| Revise History | | | | |
|----------------|-----------------|------------------|--------------|-----------------|
| Version | Owner | Review | Release Date | Release Explain |
| A | Tsai Hsing-fang | Chang Sheng-shih | | First Release |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | | |
|---------------|--------------------------------------|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

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.
- 5.3 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:
- 5.3.1 Capability in due judgement for business operation.
- 5.3.2 Capability in accounting and financial analyses.
- 5.3.3 Capability in business management.
- 5.3.4 Capability in dealing with crisis.

| | | | |
|---------------|--------------------------------------|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

- 5.3.5 Expertise in industries.
- 5.3.6 Outlook in international markets.
- 5.3.7 Leadership.
- 5.3.8 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 named, 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 elect several candidates separately.
- 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 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

| | | | |
|---------------|--------------------------------------|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

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 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

| | | | |
|---------------|--------------------------------------|--------------|--------|
| Document No | W-FA-I-014 | Release Date | 110627 |
| Document Name | Procedures for Election of Directors | Version | A |

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.
- 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
2. The list of elected directors



| | | | |
|---------------|--------------------------------|--------------|--------|
| Document No. | W-FA-I-018 | Release Date | 140325 |
| Document Name | Rules Governing Code of Ethics | Version | A |

Rules Governing Code of Ethics



| | | | |
|---------------|--------------------------------|--------------|--------|
| Document No. | W-FA-I-018 | Release Date | 140325 |
| Document Name | Rules Governing Code of Ethics | Version | A |

| Revise History | | | | |
|----------------|-----------|-----------------|--------------|-----------------|
| Version | Owner | Review | Release Date | Release Explain |
| A | Jamie Lee | Hsing-Fang Tsai | 140325 | First Release |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

1. Objective:

In order to guide the personnel of this company and its subsidiaries to conform to the code of ethics, and facilitate the stakeholders to understand the code of ethics to be required in observation upon executing functions of the company personnel, therefore, these rules are established for observation.

2. Scope:

The director, supervisor and manager referred to in these rules indicate the director, supervisor and manager of this company and its subsidiaries.

3. Powers and Responsibilities:

These rules shall be established and revised by the financial & accounting units in accordance with the “Code of Ethical Conduct for TWSE/GTSM Listed Companies”.

4. Definition:

None.

5. Job Content:

- 5.1 A director, supervisor and manager upon executing functions shall bear positive and aggressive, sincere and responsible attitude, abandon parochialism, care for teamwork spirit, and strictly observe the code of ethical conduct.

- 5.2 A director, supervisor and manager shall handle business in an objective and efficient manner, and shall not facilitate himself/herself, spouse, parent, child or a relative within third degree of kinship to gain improper interest out of his/her function performed in the company. In case an affiliated enterprise where the aforementioned personnel belong to engages in capital lending or guaranty providing, major asset trade, purchase (sales) transactions with this company and its subsidiaries, a related director, supervisor or manager shall take initiative to describe to the company if there is any potential conflict of interest between him/her and the company.
- 5.3 A director, supervisor and manager shall not engage in the following matters:
- 5.3.1 Intend for or solicit personal interest through the use of company property, information or the convenience of functions;
- 5.3.2 Engage in competition with the company. When there is a profitability chance of the company, a director, supervisor or manager has the responsibility of increasing the justified and legal interest able to be acquired by this company or its subsidiaries.
- 5.4 A director, supervisor or manager concerning the information of the company itself or its purchase (sales) clients, except for through authorization or allowing to be opened as specified in laws, shall bear confidentiality responsibility. The information required to be kept confidential shall include the non-opened information with potential damage to this company, its subsidiaries or clients if it is used by competitors or disclosed.
- 5.5 A director, supervisor or manager shall fairly treat the purchase (sales) clients of the company, competitors and employees and shall not through manipulation, hiding, misuse of the information acquired due to his/her function, nor provide unfaithful statement about important matters or acquire undue interest through other unfair trade manners.
- 5.6 A director, supervisor or manager shall bear the responsibility of protecting the corporate assets, and ensure them to be able to be effectively and legally

applied to corporate business.

- 5.7 A director, supervisor or manager shall observe such related laws as Securities and Exchange Act and other laws and regulations, and shall strengthen the publicity of the concept of ethical conduct.
- 5.8 This company and subsidiaries shall encourage the employees to, upon suspecting or finding any event in offense of laws, regulations or code of ethics, take initiative to report to the Board of Directors, a supervisor, manager, an internal audit supervisor or other proper personnel, and provide sufficient information to facilitate the company to be able to duly dispose the follow-up matters.
- 5.9 In case a director, supervisor, or manager engages any action in offense of the code of ethics, the company shall take action in accordance with related rules, and shall disclose such information as the job title, name, offense date, offense reason, offended code and disposition situation, etc. of the violating personnel in the Market Observation Post System at real time. In case anyone is punished due to offense of the regulations of these rules, a person in offense may submit an appeal in accordance with the related regulations.
- 5.10 In case there is a necessity for a director, supervisor or manager to be waived in observing the regulations of this code, it is required to be approved through the resolutions in a board of directors meeting, and disclose such information as the job title, name of the personnel approving waive and the date of approving the waive of a board of directors meeting, period, reason, applicable code, etc. in the Market Observation Post System at real time, to facilitate shareholders to evaluate if the resolutions made in a board of directors meeting are adequate, to avoid any willful or suspicious waive situation from occurrence, and ensure a due control mechanism is provided for any observation waive situation, to protect the company.
- 5.11 This company shall disclose this code of ethics in its annual report, prospectus, and the Market Observation Post System; the same shall apply in case of a revision.
- 5.12 The Rules Governing Code of Ethics shall be enforced through the approval of the Board of Directors of this company, and be submitted to the annual

meeting of shareholders; the same shall apply in case of a revision.

6 Reference Document:

Code of Ethical Conduct for TWSE/GTSM Listed Companies reference examples.

7 Related Forms:

None.

8 Attachments:

None.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

Guidelines for Operating **in Good Faith**



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

Revise History

| Version | Owner | Review | Release Date | Release Explain |
|---------|----------------|-----------------|--------------|-----------------|
| A | Hsin-Fang Tsai | Sheng-Shi Chang | | First Release |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

1. Purpose:

These Guidelines for Operating in Good Faith (hereinafter referred to as the “Guidelines”) are established to avoid the Company from corruption, ensure that the Company implements its internal control systems for the prevention and discovery of corruption, and establish an enterprise culture of good faith for the purpose of achieving sound business operations.

2. Scope:

These Guidelines apply to the management of each and every business operation of the Company and its affiliates.

3. Authority:

The financial and accounting department shall be responsible for adopting and amending these Guidelines according to the “Guidelines for the Adoption of Codes of Ethical Conduct”.

4. Definition:

N/A

5. Contents:

- 5.1 These Guidelines are established to establish an enterprise culture of good faith and achieve sound development for the purpose of building a well-functioning business structure.
- 5.2 The directors, managers, employees of the Company and its affiliates or other persons who have *de facto* control (hereinafter referred to as the “Persons with *De Facto* Control”) shall not, during the process of conducting business behaviors, directly or indirectly offer, undertake, request or receive any improper benefits, or perform other dishonest activities which are breach of good faith, unlawful or breach of fiduciary duty to attain or maintain interests (hereinafter referred to as the “Dishonest Activities”).
- 5.3 The Dishonest Activities referred to in the preceding paragraph include those conducted upon public servants, political candidates, political parties or the members thereof, and any public and private enterprises or entities and their directors, managers, employees, Persons with *De Facto* Control or other interested parties.

| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

- 5.4 The interests referred to in these Guidelines mean any valuable things, including monies, gifts, commissions, positions, services, benefits and rebates of any form or name, provided that the gifts which meet the normal standard of social etiquette and are given only occasionally without affecting specific rights and obligations shall be excluded.
- 5.5 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, the relevant regulations and guidelines for the companies listed on Taiwan Stock Exchange and Gre Tai Securities Market and other laws and regulations of the Republic of China relating to business conducts as the basis to realize the principle of operating in good faith.
- 5.6 The Company shall adopt policies in good faith and establish sound systems of corporate governance and risk control based on the philosophy of honest, transparent and responsible business operations to create a sustainable development of business environment.
- 5.7 The Company shall adopt the guidelines for the prevention of the Dishonest Activities as follows (hereinafter referred to as the “Prevention Guidelines”) according to relevant laws and regulations of the place of business operation of the affiliates and organizations:
- 5.7.1 Providing and receiving bribery;
- 5.7.2 Unlawful political donations;
- 5.7.3 Improper charitable donations or sponsorship;
- 5.7.4 Offering or accepting unreasonable gifts, treats or other improper benefits.
- 5.8 The Company and its affiliates shall carry out business activities in a fair and transparent way. The Company and its affiliates shall, before carrying out any business transactions, consider that whether their agents, suppliers, customers or other persons with whom they carry out the business transactions are legal or not and whether they have any record of the Dishonest Activities or not, to avoid transacting with those with such record. The agreements executed by the Company and its affiliates with others shall contain the terms and conditions specifying that the policies of operating in good faith shall be complied with and that the agreements may from time to time be terminated or rescinded if the counterparties are involved in any Dishonest Activities. Notwithstanding the above, this Clause 5.8 shall not apply to the offer or acceptance of improper benefits by the agents, contractors, suppliers, public servants or other interested parties which is allowed by the laws of the place of business operation.

| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

- 5.9 The Company and its affiliates and their directors, managers, employees and the Persons with *De Facto* Control shall not directly or indirectly offer, undertake, request or receive any improper benefits in any forms (including rebates, commissions, lobbying expenses) or offer improper benefits to or accept improper benefits from the customers, agents, contractors, suppliers, public servants or other interested parties in any other ways when performing their duties. Notwithstanding the above, this Clause 5.9 shall not apply to those which are allowed by the laws of the place of business operation.
- 5.10 The donations directly or indirectly offered by the Company and its affiliates and their directors, managers, employees and the Persons with *De Facto* Control to political parties or the organizations or individuals participating in political activities shall comply with the Political Donations Act and relevant internal procedures of the companies, and shall not be used to acquire business interests or transactional advantages.
- 5.11 The charitable donations or sponsorships provided by the Company and its affiliates and their directors, managers, employees and the Persons with *De Facto* Control shall comply with relevant laws and regulations and internal procedures, and shall not be used as bribes in disguise.
- 5.12 The Company and its affiliates and their directors, managers, employees and the Persons with *De Facto* Control shall not directly or indirectly provide or accept any unreasonable gifts, treats or other improper benefits to build business relationships or affect business transactions.
- 5.13 The board of directors of the Company shall perform its duty of due care as a reasonable person to require the Company and its affiliates to prevent the Dishonest Activities, and shall from time to time review and perpetually improve the implementation of the prevention of the Dishonest Activities to ensure that the policies of operating in good faith are realized.
- 5.14 To perfect the management of operating in good faith, a responsible department is advised to be designated to adopt, supervise and implement the policies of operating in good faith and relevant prevention plans and to report to the board of directors periodically.
- 5.15 The directors, managers, employees and the Persons with *De Facto* Control of the Company and its affiliates shall comply with laws and regulations and the prevention plans when performing their duties.
- 5.16 The Company and its affiliates shall adopt the policies of the prevention of conflict of interests, and shall provide appropriate channels for the directors and managers to actively clarify that whether they have potential conflict of interests with the Company or not.
- 5.17 The directors of the Company shall strictly discipline themselves. The directors may deliver their opinions and reply but shall not participate in discussion or vote on the proposals raised in the

| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

meetings of the board of directors in which the directors or the legal persons represented by the directors have interests that may harm the interests of the Company. In such case, when discussing or voting on the proposals, the directors shall leave the meetings and shall not vote on behalf of any other directors. Disciplines shall also exist among the directors, under which the directors shall not provide inappropriate supports to each other.

- 5.18 The directors and managers of the Company and its affiliates shall not make themselves or their spouses, parents, children or any other persons acquire improper benefits by taking advantage of the positions the directors and managers hold in the Company.
- 5.19 The Company and its affiliates shall establish effective accounting systems and internal control systems for the operational activities which are more likely to be regarded as the Dishonest Activities, and shall from time to time review those systems to ensure the perpetual effectiveness of their design and implementation.
- 5.20 The internal auditors of the Company and its affiliates shall audit the compliance of the systems referred to in the preceding paragraph, and shall make the audit reports based thereon to be submitted and reported to the board of directors.
- 5.21 The Company shall adopt the operational procedures and the code of conducts according to Clause 6, specifically regulating the notable issues for the directors, managers, employees and the Persons with *De Facto* Control of the Company and its affiliates to follow when performing their duties. The contents of the operational procedures and the code of conducts shall contain at least the following issues:
- 5.21.1 The standard for the recognition of the offer or acceptance of improper benefits.
- 5.21.2 The handling procedures for the provision of legal political donations.
- 5.21.3 The handling procedures and the standard amount for the provision of proper charitable donations or sponsorships.
- 5.21.4 The regulations on the avoidance of the conflict of interests related to positions and the reporting and handling procedures therefor.
- 5.21.5 The confidentiality requirements on the confidential and commercially sensitive information acquired in the course of business.
- 5.21.6 The regulations on and the handling procedures for the suppliers, customers and business-related counterparties involved in the Dishonest Activities.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

- 5.21.7 The handling procedures for the breach of the guidelines for operating in good faith.
- 5.21.8 The punishment and discipline imposed on violators.
- 5.22 The Company shall arrange educational trainings and propaganda for the directors, managers, employees and the Persons with *De Facto* Control of the Company and its affiliates periodically, and shall invite the counterparties with which the Company has business transactions to attend the educational trainings and propaganda in order to make them fully understand the resolution of the Company to implement the principle of operating in good faith, the policies and prevention plans adopted by the Company therefor, and the outcomes of the breach thereof.
- 5.22 The Company and its affiliates shall combine the policies of operating in good faith with the performance evaluation for employees and the policies for human resources to establish a specific and effective reward-punishment system.
- 5.23 The Company and its affiliates shall provide proper channels for people to report concerns, and shall duly keep confidential the identities of the people who report concerns and the contents of the concerns reported.
- 5.24 The Company and its affiliates shall clearly establish the reward-punishment system and the complaint-reporting system for the breach of the requirements on operating in good faith, and shall promptly disclose the information such as: the position and name of the person who breaches the requirements on operating in good faith; the date of his/her breach; the contents of his/her breach; and the status of the handling of his/her breach in the internal website of the companies.
- 5.25 The Company and its affiliates shall disclose the status of their implementation of the guidelines for operating in good faith in the websites of the companies, annual reports and prospectuses according to relevant laws and regulations
- 5.26 These Guidelines shall be enforced after being approved by the board of directors and report to the general meeting. The same shall apply to any amendment to these Guidelines.

6. References:

N/A

7. Relevant Forms:

N/A



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-012 | Release Date | 120531 |
| Document Name | Guidelines for Operating in Good Faith | Version | A |

8. Attachments:

N/A



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

Regulations Governing Endorsement & Guarantee Operations



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

| Revise History | | | | |
|----------------|-----------------|------------------|--------------|---|
| Version | Owner | Review | Release Date | Release Explain |
| A | Tsai Hsing-fang | Chang Sheng-shih | | First Release |
| B | Tsai Hsing-fang | Chang Sheng-shih | | 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 | | In order to conform to the needs of commercial practice |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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:



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

- 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.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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 40% 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 40% 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 40% 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 40% of the Company’s net worth as shown through the Company’s latest financial statements duly certified or audited by the Certified Public Accountant.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

(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 40% 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



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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.

5.6.2 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.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

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.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

(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.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

- 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.



| | | | |
|---------------|--|--------------|--------|
| Document No | W-FA-I-002 | Release Date | 140623 |
| Document Name | Regulations Governing Endorsement & Guarantee Operations | Version | C |

Important notes:

1. Nil.



Shareholdings of All Directors

(一) Shareholdings of All Directors :

| Title | April 14, 2015 |
|---------------|----------------|
| All Directors | 36,233,911 |

(二) Details :

| Title | Name | Shareholdings |
|----------------------|---------------------------------|---------------|
| Chairman | Sheng Shih Chang | 2,903,661 |
| Director | Tian-Lai Wang | 12,520,993 |
| Director | Chung-Shih Pien | 197,464 |
| Director | Chung-Ho Tai | 672,665 |
| Director | Chang Chuen Investment Co., Ltd | 13,209,495 |
| Director | Yi Tai Fund Co.,Ltd.. | 6,729,633 |
| Independent Director | Wei-Min Sheng | 0 |
| Independent Director | Chien-Yuan Lin | 0 |