

**【Translation】**

Stock Code: 5227



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

**Handbook for the 2016 Annual Meeting  
of Shareholders**

Meeting Time: 9:00 am, Monday, June 27, 2016  
Place: No. 398, Taoying Road, Taoyuan District, Taoyuan 330 ,Taiwan  
(Chuto Hotel: Chu Hsiang Hall)

<b>Table of Contents</b>	
<b>I. Meeting Agenda</b>	P2
<b>II. The Company Reports</b>	P3
<b>III. Proposals</b>	P4
<b>VI. Discussion Matters</b>	P6
<b>V. Questions and Motions</b>	P14
<b>IV. Attachments</b>	P15
1.Business Report	P15
2.Audit Committee’s Review Report	P18
3.Business Plan of 2015	P19
4.Consolidated Financial Statements and CPA Audit Report	P21
5.Deficit Compensation of 2015	P29
6.Assessment Report	P30
7.Opinion on the Reasonableness	P36
8.Financial Instruments Evaluation Report	P43
9.Opinion on the Reasonableness	P53
10.File Revision Comparison table of the Articles of Incorporation	P58
11.File Revision Comparison table of the Regulations Governing Shareholders’ Meeting	P62
<b>IIV. Appendices</b>	P65
1.Articles of Incorporation (Before revision)	P65
2.Regulations Governing Shareholders’ Meeting (Before revision)	P111
3.Shareholdings of All Directors	P125

Disclaimer:

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2016 ANNUAL GENERAL SHAREHOLDERS’ MEETING OF ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN). THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

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

Procedure for the 2016 Annual Meeting of Shareholders

Meeting Time: 9:00 am, Monday, June 27, 2016

Place: No. 398, Taoying Road, Taoyuan District, Taoyuan 330 ,Taiwan (Chuto Hotel:  
Chu Hsiang Hall)

Procedure:

1.Call the Meeting to Order

2.Chairperson Remarks

3.Report Items

(1)To report the business of 2015

(2)Audit Committee's review report

(3)To report the business plan of 2015

4.Proposed Items

(1)Adoption of 2015 Business Report and Financial Statements

(2)Adoption of the Proposal for 2015 Deficit Compensation

(3)Adoption of the amendment plan for 2014 capital increase through cash injection

5.Discussion Items

(1)In order to cooperate with strategic investor, the Company decides to private  
placement of securities to issue common shares.

(2)The Company agreed to subscribe for FDG common shares and convertible bonds

(3)Amendment to the Company's Articles of Incorporation

(4)Amendment to the Regulations Governing Shareholders' Meeting

6.Questions and Motions

7、Adjournment

## **Report Items**

### **Report No. 1**

To report the business of 2015

#### **Explanation:**

The 2015 Business Report is attached as pp15-17, Attachment 1.

### **Report No. 2**

Audit Committee's review report

#### **Explanation:**

The 2015 Audit Committee's Review Report is attached as p18, Attachment 2.

### **Report No.3**

To report the business plan of 2015

#### **Explanation:**

The 2015 Business Plan is attached as pp19-20, Attachment 3.

## **Proposed Items**

### **Proposal No. 1** (Proposed by the Board)

Adoption of 2015 Business Report and Financial Statements

#### **Explanation:**

- 1.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, Ya-Hui Cheng and Yen-Na Li of PWC Firm.
- 2.Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of the Company.
- 3.The 2015 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as pp15-17, pp21-28, Attachment 1 and Attachment 4.

#### **Resolution:**

### **Proposal No. 2** (Proposed by the Board)

Adoption of the Proposal for 2015 Deficit Compensation

#### **Explanation:**

- 1.Please refer to the 2015 Deficit Compensation Statement as follows:

Deficit Compensation Statement  
2015

(Unit: NTD\$)

<b>Items</b>	<b>Total</b>
Accumulated deficit of prior years	0
(-): 2015 net loss	(430,783,156)
Deficit yet to be compensated – at the end of 2015	(430,783,156)
Items for compensating deficit:	
Additional paid-in capital	430,783,156
Deficit yet to be compensated	0

- 2.The Company proposed not to distribute dividends, compensation of directors and employee bonus.
- 3.The Deficit Compensation of 2015 is attached as p29, Attachment 5.

#### **Resolution:**

**Proposal No. 3 (Proposed by the Board)**

Adoption of the amendment plan for 2014 capital increase through cash injection

**Explanation:**

1.The Company has applied capital increase NTD 720 millions through cash injection on 2014, due to the private placement did not on schedule, and the operation of Aleees(Taiwan) is getting better, it can make its own profit, therefore, the Company propose to amend the capital utilization plan as below:

(1) Original plan and schedule:

Contents of the Plan	Date scheduled to complete	Aggregate total fund required Unit: K NTD
To suffice working capital	2016 Q1	520,000
To reimburse bank loan	2017 Q1	200,000
Total		720,000

(2) The plan and schedule after amended:

Contents of the Plan		Date scheduled to complete	Aggregate total fund required Unit: K NTD
To suffice working capital	Aleees(Taiwan)	2016 Q2	137,508
	Aleees Eco Ark (Taiwan)	2016 Q2	287,992
	Aleees SH	2015 Q3	94,500 (Note)
	Sub-total		520,000
To reimburse bank loan		2017 Q1	200,000
Total			720,000

Note: Passed by BOARD dated on April 27, 2015.

(3) The benefits anticipated to be yielded: The above items still used in the group, therefore, the benefits did not change.

(4) The discrepancy between original and after amended: The interests saving in 2015 is NTD 12.132 millions, there is no discrepancy between original and the after amended.

(5) The impact on shareholders' equity: There is no benefits change on this amended; therefore, there is no material impact on shareholders' equity.

2.This amendment has approved by the BOARD dated on August 12, 2015, and also approved by CBC no.1040035857 document, the Assessment Report provided by Yuan Ta Securities Co., Ltd. is attached as pp30-35, Attachment 6.

## **Discussion Items**

### **Proposal No.1** (Proposed by the Board)

In order to cooperate with strategic investor, the Company decides to private placement of securities to issue common shares. Please proceed to discuss.

#### **Explanation:**

1. For the future development and in order to promote the competition of the Company, it is hereby proposed that the shareholders' meeting to authorize the Board of Directors ("Board") at the appropriate time, seeking the company owned the business or competitiveness which can helps the Company, and setting up the partnership with the Company, and becomes the strategic investor of the Company. Therefore, it plans to cash offering by private placement, to intrude the strategic investor becomes the shareholder of the Company("The Private"). The Private shall be handled within one year from the resolution made by the shareholders' meeting.
2. Fund raising method(s) and handling principles of issuance of private placement shares:
  - (1) Within the limit of 46,000,000 common shares, the par value of the new common shares to be issued per share is NT\$10. The total amount of the private placement will be calculated according to the final private placement price.
  - (2) Basis and reasonableness for determination of the subscription price of the private placement shares:

The issue price of the private placement shares shall be no less than 70% of the reference price. It is deciding on the pricing date. The reference price will follow the below two formulas which is higher:

    - (i)The higher of (x)the simple average closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date;
    - (ii)Or (y) the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date.

The per share price of this Private maybe lower that the per share of issued by marketing reasons, cause the pricing formula is based on the laws and regulations, so the pricing formula is reasonable. The impact on the shareholders' equity is the accumulated losses incurred between the actual Private pricing and issued price, the cumulative loss of the Company's future will depend on operating conditions, in order to apply for capital reduction, earnings or capital reserves to make up for it.

According to the laws or regulations, when the Private price is lower than 80%

of the reference price, the Company shall provide the opinion on the reasonableness to shareholders for consent reference. Therefore, the Company provide the Opinion on the Reasonableness of Gfortune Securities Co., Ltd. is attached as pp36-42, Attachment 7.

- (3) The method, purpose, necessity and projected benefits to determine specific investor(s):
- (i) The investors subscribing to the private placement common shares must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s).
  - (ii) At the beginning, the Board chooses FDG Kinetic Investment Limited (It is set up by FDG Kinetic Limited for the purpose of this Private) to be the Private subscriber. It is expected to comply the authorization of the shareholders' meeting and the final pricing of the Board, using NT \$ 35 to subscribe for the Company's private placement of 46,000,000 common shares ( it is accounting for dilution of the Company 27.9%% of the issued shares of the total number, and after the completion of private placement paid-in capital 21.8%), and will pay the shares after getting approval by shareholders' meeting and related governments.
- A. The list of subscriber, the method, purpose of the subscriber and the relations with the Company:

The list of subscriber	The method, purpose	The relations with the Company
FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private)	Choosing the subscriber is who owned the business or competitiveness which can directly or indirectly helps the Company: FDG Kinetic Investment Limited.( It is set up by FDG Kinetic Limited for the purpose of this Private), the intention is to stabilize the Company's customers, consolidation of the Company owned its leading position of NCO-LFP battery cathode materials, strengthening the vertical integration of operations, in order to effectively extend the	Nil



	company-owned group size and operation of sustainable development, protection of employees' and shareholders' equity.	
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B. FDG Kinetic Investment Limited is 100% subsidiary of FDG Kinetic Limited., the top 10% shareholders of FDG Kinetic Limited. as described below:

Top 10% shareholders	Percentage (%)	The relations with the Company
Sinopoly Strategic Investment Limited	67.188%	Nil
SK China Company Limited	5.242%	Nil
STANDARD UNION INVESTMENT LIMITED	0.052%	Nil
NGAN FAI WONG	0.019%	Nil
CHOW SIU LUNG HERBERT + CHOW YU JO WAN JOANNE	0.007%	Nil
CHOW SIU LUNG HERBERT	0.003%	Nil
GO DANIEL T	0.002%	Nil
CHENG YU KUEN	0.001%	Nil
NGO HOK YU	0.001%	Nil
CHAN KENG SENG U/D	0.001%	Nil
CHAN SWEE LAN	0.001%	Nil

C. The method, purpose, necessity and projected benefits to determine subscriber(s):

- (a) The method, purpose: Choosing the subscriber is who owned the business or competitiveness which can directly or indirectly helps the Company, FDG Kinetic Investment Limited( It is set up by FDG Kinetic Limited for the purpose of this Private), the intention is to stabilize the Company's customers, consolidation of the Company owned its leading position of NCO-LFP battery cathode materials, strengthening the vertical integration of operations, in order to effectively extend the company-owned group size and operation of sustainable development, protection of employees' and shareholders' equity.

- (b) The necessity: The mother company of FDG Kinetic Investment Limited is FDG Kinetic Limited, and the main shareholder of FDG Kinetic Limited is FDG Electric Vehicles Limited, they are both listing company in HK. The main invests business of FDG Kinetic Limited is manufacture Li battery cathode materials and batteries, it has finished the merger of 100% shares in SK (Chongqing) Li battery materials Company- a three element polymer lithium battery factory in Chongqing, China original owned by Korea SK Group on Sep. 2015. FDG Kinetic Limited has signed the Strategic Cooperation Agreement with SK China Company Limited, they all agree that they will focus on cathode materials, and work for the research and business co-work on new energy supply chain. FDG Electric Vehicles Limited mainly focus on the manufacture and sell of electric vehicles, it has set up a electric car research and design center in Beijing, its production center is in Hangzhou and Yunnan, its capacity is 100 thousands electric vehicles, FDG Electric Vehicles Limited also joints venture with Smith Electric Vehicles Corp. to set up a company for selling logistic electric vehicles. FDG Electric Vehicles Limited also sets up a lithium battery research plant in Jilin and Tianjin, the total amount invested in electric vehicles and battery supply chain is over hundreds billions. Choosing FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private) to be strategic investor, is expected to make vertical integration of business, to enhance the position of supply chain in China market.
- (c) The projected benefits: After finish the Private, the Company will subscribe for FDG Electric Vehicles Limited common shares and convertible bonds(please see below **Proposal No.2**), in view of future development in China of FDG Electric Vehicles Limited, it is expected that the Company can promote its business scales, and set up long-term co-work relationship with customers, also by this time to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- (iii) Under any situations, if FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private) can not join this Private, Board would find another strategic investor to join this Private within one year from the date getting shareholders' meeting.

- (4) The necessity of issuance of private placement shares :
- (i) The reason of not using public offering: Considering the actual demands, for private placement shares.
  - (ii) Private credit: Within the limit of 46,000,000 common shares, authorizes Board to handle within one year from the date getting approval by shareholders' meeting
  - iii) Use of proceeds, the schedule and the projected benefits: The Company plans to use the funds raised from issuance of the private placement shares to set up strategic alliance in China electric vehicles market, so that the Company can get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company's business scales, and to build up the long-term relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- (5) The new common shares to be issued to private placement shares are subject to the selling restrictions within three years after the delivery date of the private placement shares under Article 43-8 of the Securities and Exchange Act, and will have the same rights and obligations as the Company's existing issued and outstanding common shares. According to the regulations, the Company will apply these shares for public procedure and listing when the three year restriction is expired.
- (6) After the shareholders meeting approves issuance the private placement shares, it is proposed for the shareholders meeting to authorize the Board to determine and amend, at the Board's sole discretion, the terms and condition of the private placement shares , the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations and if any amendment thereto is required by change of the regulations or as required by the regulator's instruction or based on the Company's operation evaluation or change of the market conditions, the Board is authorized to make the required amendments at the Board's sole discretion.
3. There is no material change in the right of management before the Board decided the Private, and it is expected that there will not be changed in the right of management when handling the Private.
4. Board has approved the Private, and authorized the Director or whom he designated, to represent the Company deal with or sign any related transaction documents with FDG Kinetic Investment Limited (It is set up by FDG Kinetic

Limited for the purpose of this Private), it is proposed for the shareholders meeting to authorize the Director or whom he designated to handle all related matters, including but not limited to, signing related documents, or work for the signature procedure of the subscribe agreement with FDG Kinetic Investment Limited (if there is no change in subscriber)

5. According to the regulations or laws of Taiwan, if handling the Private needs to get approval in advance, or needs to fulfill application, thus the Private shall be based on finish those procedures.
6. This **Proposal No.1** has approved by the Audit Committee, it is proposed for the shareholders meeting approval.

**Resolution:**

**Proposal No.2** (Proposed by the Board)

The Company agreed to subscribe for FDG common shares and convertible bonds. Please proceed to discuss.

**Explanation:**

1. According to the Regulations Governing the Acquisition and Disposal of Assets of the Company (“Regulations”).
2. In order to set up the strategic alliance with FDG Electric Vehicles Limited, it is proposed that the Company will subscribe the new shares 430,000,000 shares (HKD 0.5/per share ) and convertible bonds HKD 275,000,000 (converting price is HKD 0.5/per share )by FDG Electric Vehicles Limited (“The Subscription”).
3. After FDG Kinetic Investment Limited (It is set up by FDG Kinetic Limited for the purpose of this Private) joins the Company’s private placement, FDG Kinetic Limited will become the affiliate of the Company, further, FDG Electric Vehicles Limited will also become the affiliate of the Company, therefore, the Company subscribes for FDG Electric Vehicles Limited common shares and convertible bonds shall follow the Regulations. According to the Regulations, Article5.6.3, when the Company acquire of assets other than real property from a related party and the transaction amount more than NT\$300 million, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board:
  - (1) The objectives, indispensability and anticipated benefits of the real estate to be acquired or disposed: The Company plans to use the funds raised from issuance of the private placement shares to set up strategic alliance in China electric vehicles market, so that the Company can get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company’s business scales, and to build up the long-term

- relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- (2) The reasons why to choose the subject related party for the transaction: For setting up strategic alliance, choosing FDG Electric Vehicles Limited to be transaction party.
  - (3) With respect to the acquisition of real property from a related party, the supporting documents to back up the rationality of the terms of transaction for appraisal under the Regulations: NA
  - (4) The date while the related party previously obtained the subject assets, the transaction target and the relationship with the Company and the related party: NA
  - (5) The revenues and expenditures anticipated for the respective months of the year ahead of the anticipated execution of the agreement, with assessment of the indispensability in the transaction and rationality of the capital utilization: This is the part of strategic alliance, it is expected to get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company's business scales, and to build up the long-term relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
  - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. Please see attached as pp43-52, pp53-57, Attachment 8 and Attachment 9.
  - (7) Restrictive terms and other major covenants in the present transaction: It is proposed for the approval of the shareholders meeting, and the Subscription will be started when every conditions get ready and approval.
  - (8) An opinion issued by a CPA engaged to review whether the transaction with the affiliated enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders. Please see attached as pp53-57, Attachment 9.
4. Board has approved the Subscription, and authorized the Director or whom he designated, to represent the Company deal with or sign any related transaction documents with DG Electric Vehicles Limited, it is proposed for the shareholders meeting to authorize the Director or whom he designated to handle all related matters, including but not limited to, signing related documents, or work for the signature procedure of the subscribe agreement with DG Electric Vehicles Limited.

5. This **Proposal No.2** has approved by the Audit Committee, it is proposed for the shareholders meeting approval.

**Resolution:**

**Proposal No.3** (Proposed by the Board)

Amendment to the 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 pp58-61 ( Attachment 10) for details.

**Resolution:**

**Proposal No. 4** (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 pp62-64 ( Attachment 11) for details.

**Resolution:**

# **Questions and Motions**

## **Adjournment**

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

### 2015 Business Report

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

COP21 climate change conference in Paris 2015 made it clear that : 25% of carbon dioxide emissions come from transportation, and will soon account for 35% of total emissions, and in this conference, the 185 countries commitment “Fully develop the zero-emission vehicles technical and policy”, as well as China endorsed 12th five-year plan, and following 13th five-year plan, also re-add to promote the new energy vehicle. International Energy Agency (IEA) estimated in 2015, the pure electric vehicles and plug-in hybrid sales totally has more than 1 million, and in 2020, will reach to 6 millions, electric bus has become the new focus of global scientific and technological transportation.

Following the strong new energy policy of China and the global trending, the consolidated revenue of our company in 2015 is NT\$1,094,651,000, with a growth of about 30% than that in 2014. Our company has show business results as follows:

- (1) It's the first time we create a single month consolidated revenue beyond the billion mark.
- (2) The top 5% list of corporate governance evaluation, it's the only one F stock listing company.
- (3) Second times award the Taiwan Top 50 Corporate Sustainability Report Awards “Electronic Manufacturing Industry” Gold award.

Our company 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 crate 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, we 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 combine all resources into China and global electric vehicles and energy storage market.

## II. Financial Income and Expenses and Profitability Analysis

Unit: K NTD			
	Item	2015	2014
Financial Income and Expenses	Operating revenues	1,094,651	864,823
	Gross Operating Profit	299,454	42,938
	Net Operating Profit	(388,243)	(577,425)
Profitability	Gross Profit %	28%	5%
	Net Profit %	-35%	-67%

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 functionalities of existing products, to increase product competitiveness in the market.
2. Develop the updated powder design and post-powder processes to fulfill the customized product needs of customers.
3. Introduce the latest type of spray drying granulation technology to elevate our processing functionality for customers. Power type new products has passed pilot production stage.
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, we have already finished the layered structure of the high-voltage materials small pilot production stage with NTUST team.

### (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 8m charging and swaping two way system electric bus.
2. It is scheduled to fulfill the development and safety test for 12m charging and swaping two way system electric bus.
3. It is scheduled to fulfill the development and safety test for long-power (>6000 cycle) battery cell.

#### IV. Accumulated Loss Situation

Accumulative losses to be covered to December 31, 2015 is NT\$ 430,783,156 , will report to shareholders' meeting of 2016 using additional paid-in capital to deficit compensation.

Chairman: Sheng-Shih Chang

General Manager: Sheng-Shih Chang

Accounting Supervisor: An-pang Huang

## 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 2015 duly worked out by the board of directors. Of them, the Financial Reports have been duly audited by two Certified Public Accountants, i.e., Tina Cheng and Yen-Na Li 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.

2016 Shareholders' Meeting

Convener of Audit Committee: Wei-Min Sheng

March 24, 2016

## Report on the Implementation Situation of the 2015 Sound Operation Plan of this Company

### Description

The implementation situation of the 2015 sound operation plan of this company is described as follows:

1. The operating revenue is \$1,094,651,000, compared with the amount of \$864,823,000 during the corresponding period of 2014, there is an increase of \$229,828,000 (about the increase of 26.6%), 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 second half of 2014 sales demand to continuously increase, and full capacity till now, with an increase of \$290,372,000 than the corresponding period of 2014, with a growth of 35.2%. (2014: \$824,899,000 ; 2015:\$ 1,115,271,000)
  - 1.2 The power conversion income of Automobile Electricity Business Division, due to the four buses sales in 2014 but were sales returned in 2015 Q2, and the expiration of Kinmen County and Taoyuan County demonstration operation contract, therefore, the total income of Automobile Electricity Business Division is reduced by \$60,544, 000 than the corresponding period of 2014, with a growth -151.6%. (2014: \$39,924,000; 2015:\$ -20,620,000)
2. The operating cost is \$795,197,000, compared with the amount of \$821,885,000 during the corresponding period of 2014, there is a decrease of \$26,688,000 (an decrease of about 3.2%), in which:
  - 2.1 The operating cost of Material Business Division in 2015 is \$611,484,000, compared with \$590,196,000 of the corresponding period last year, shows a slightly increase of 3.6%, which is caused due to the increase of capacity utilization, the average unit manufacturing cost is reduced.
  - 2.2 The operating cost of Automobile Electricity Business Division in 2015 of \$183,713,000, compared with the corresponding period last year of \$231,689,000, shows a decrease of 20.7%, which is caused due to the decrease of selling bus and the expiration of demonstration operation.
3. The gross profit is \$299,454,000, compared with \$42,938,000 of the corresponding period last year, shows an increase of \$256,516,000; while the gross profit ratio is increase from 5.0% of last year to 27.4%, with the following reasons:
  - 3.1 Material Business Division, yet under the elevation of utilization rate of productive capacity and effective cost control, the gross profit ratio of 45.2% shows better than 28.5% of last year. Meanwhile, it would respond to the electromotor industry market demand of Mainland China, we will provide our customers more new product to certificated, expecting to 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 and it has no contribution for gross profit.

4. The operating expense is \$687,697,000, compared with \$620,363,000 of the corresponding period last year, showing an increase of \$67,334,000 (about an increase of 10.9%):
  - 4.1 The operating expense of \$365,799,000 of the Material Business Division in 2015, compared with the corresponding period last year, there is an increase of \$4,696,000 (1.3%), in which the sales expense of \$183,215,000 shows an increase of \$19,792,000 (12.1%) than the corresponding period last year. The overhead expense of \$89,002,000, compared with that of the corresponding period last year, shows a decrease of \$5,030,000 (-5.3%); the R&D expense of \$93,582,000, compared with that of the corresponding period last year, shows a decrease of \$10,065,000 (-9.7%), mainly due to the under control.
  - 4.2 The operating expense of \$321,898,000 of Automobile Electricity Business Division in 2015, compared with the corresponding period last year, shows an increase of \$62,637,000(24.2%), in which, the sales expense decreases by \$2,743,000 (-15.4%) than the corresponding period; the overhead expense increases by \$44,401,000 (42.6%); while the R&D expense increases by \$20,980,000 (15.3%), 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 \$388,243,000, compared with the corresponding period last year (2014), shows a loss of \$577,425,000, with an decrease of \$189,182,000 (about -32.8%).
6. The net loss after tax of \$430,780,000, compared with the corresponding period last year (2014), shows a loss of \$563,109,000, with an decrease of \$132,329,000 (about -23.5%).

As of December 31, 2015, 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; the 2015 net profit is \$137,989,000. This year, sales income increases and close to full production capacity, the operating cost has continuously been reduced, the gross profit turns to be stable. At present, Material Business Division has gradually been on the right track, with commendable sales prospective. 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. The whole net loss after tax with the corresponding period last year, with a decrease of \$132,329,000.

Report of Independent Accountants

PWCR15000312

To the Board of Directors and Shareholders of

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. And Subsidiaries

We have audited the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, 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. and its subsidiaries as of December 31, 2015 and 2014, and their 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 24, 2016

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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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2015		December 31, 2014		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 710,165	27	\$ 369,113	13
1150	Notes receivable, net	6(3)	45,829	2	153,038	5
1170	Accounts receivable, net	6(4)	142,559	5	317,757	11
1180	Accounts receivable - related parties	6(4) and 7	-	-	20,440	1
1200	Other receivables		13,899	1	5,396	-
1220	Current income tax assets		207	-	22	-
130X	Inventories, net	6(5)	94,163	4	184,194	7
1410	Prepayments	7	116,847	4	105,127	4
1470	Other current assets	8	26,742	1	36,031	1
11XX	<b>Total current assets</b>		<u>1,150,411</u>	<u>44</u>	<u>1,191,118</u>	<u>42</u>
<b>Non-current assets</b>						
1550	Investments accounted for under the equity method	6(6)	52,093	2	59,869	2
1600	Property, plant and equipment, net	6(7) and 8	1,169,013	45	1,305,261	46
1780	Intangible assets	6(8)	199,188	8	225,752	8
1840	Deferred income tax assets	6(25)	15,964	-	15,963	1
1900	Other non-current assets	6(9) and 8	22,445	1	34,208	1
15XX	<b>Total non-current assets</b>		<u>1,458,703</u>	<u>56</u>	<u>1,641,053</u>	<u>58</u>
1XXX	<b>Total assets</b>		<u>\$ 2,609,114</u>	<u>100</u>	<u>\$ 2,832,171</u>	<u>100</u>

(Continued)



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

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2015		December 31, 2014		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10), 7 and 8	\$ 42,510	2	\$ 393,350	14
2150	Notes payable		17,621	1	13,998	-
2170	Accounts payable		52,926	2	87,367	3
2200	Other payables	6(11) and 7	126,831	5	191,904	7
2220	Other payables – related parties	7	7,370	-	6,270	-
2250	Provisions - current	6(12)	7,998	-	13,277	-
2320	Long - term liabilities - current portion	6(13)	107,156	4	106,228	4
2399	Other current liabilities-other	6(6) and 7	83,425	3	99,589	4
21XX	<b>Total current liabilities</b>		<u>445,837</u>	<u>17</u>	<u>911,983</u>	<u>32</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(13) and 8	149,531	6	216,659	8
2550	Provisions-non-current	6(12)	4,665	-	4,665	-
2570	Deferred income tax liabilities	6(25)	4,518	-	4,518	-
2670	Other non-current liabilities-other	6(6)	635	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>159,349</u>	<u>6</u>	<u>225,842</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>605,186</u>	<u>23</u>	<u>1,137,825</u>	<u>40</u>
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Common shares	6(16)	1,645,737	63	1,420,737	50
<b>Capital surplus</b>						
3200	Capital surplus	6(17)	788,220	30	1,200,030	42
<b>Accumulated deficit</b>						
3350	Accumulated deficit	6(18)	( 430,783)	( 16)	( 925,919)	( 32)
<b>Other equity</b>						
3400	Other equity	6(19)	740	-	( 513)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>2,003,914</u>	<u>77</u>	<u>1,694,335</u>	<u>60</u>
36XX	<b>Non-controlling interest</b>		<u>14</u>	<u>-</u>	<u>11</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>2,003,928</u>	<u>77</u>	<u>1,694,346</u>	<u>60</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
<b>Total liabilities and equity</b>			<u>\$ 2,609,114</u>	<u>100</u>	<u>\$ 2,832,171</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  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR LOSS PER SHARE)

	Notes	2015		2014		
		Amount	%	Amount	%	
4000						
	<b>Operating revenue</b>	7	\$ 1,094,651	100	\$ 864,823	100
5000	<b>Operating costs</b>	6(5)(23) and 7	( 795,197 )	( 72 )	( 821,885 )	( 95 )
5900	<b>Gross profit</b>		<u>299,454</u>	<u>28</u>	<u>42,938</u>	<u>5</u>
	<b>Operating expenses</b>	6(23) and 7				
6100	Selling expenses		( 198,267 )	( 18 )	( 181,218 )	( 21 )
6200	General & administrative expenses		( 237,590 )	( 22 )	( 198,220 )	( 23 )
6300	Research and development expenses		( 251,840 )	( 23 )	( 240,925 )	( 28 )
6000	<b>Total operating expenses</b>		( 687,697 )	( 63 )	( 620,363 )	( 72 )
6900	<b>Operating loss</b>		( 388,243 )	( 35 )	( 577,425 )	( 67 )
	<b>Non-operating income and expenses</b>					
7010	Other income	6(20)	13,605	1	12,578	1
7020	Other gains and losses	6(21)	( 34,960 )	( 3 )	25,103	3
7050	Finance costs	6(22)	( 13,106 )	( 1 )	( 13,041 )	( 1 )
7060	Share of loss of associates and joint ventures accounted for under equity method	6(6)	( 8,076 )	( 1 )	( 10,324 )	( 1 )
7000	<b>Total non-operating income and expenses</b>		( 42,537 )	( 4 )	14,316	2
7900	<b>Loss before income tax, net</b>		( 430,780 )	( 39 )	( 563,109 )	( 65 )
7950	Income tax expense	6(25)	-	-	-	-
8200	<b>Net loss for the period</b>		( \$ 430,780 )	( 39 )	( \$ 563,109 )	( 65 )
	<b>Other comprehensive income (loss) , net</b>					
8361	Cumulative translation differences of foreign operations	6(19)	\$ 1,588	-	( \$ 3,887 )	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(6) (19)	( 335 )	-	1,701	-
8300	<b>Other comprehensive income (loss), net</b>		\$ 1,253	-	( \$ 2,186 )	-
8500	<b>Total comprehensive loss for the period</b>		( \$ 429,527 )	( 39 )	( \$ 565,295 )	( 65 )
	<b>Loss attributable to:</b>					
8610	Equity holders of the Company		( \$ 430,783 )	( 39 )	( \$ 563,110 )	( 65 )
8620	Non-controlling interest		3	-	1	-
	<b>Total</b>		( \$ 430,780 )	( 39 )	( \$ 563,109 )	( 65 )
	<b>Comprehensive loss attributable to:</b>					
8710	Equity holders of the Company		( \$ 429,530 )	( 39 )	( \$ 565,296 )	( 65 )
8720	Non-controlling interest		3	-	1	-
	<b>Total</b>		( \$ 429,527 )	( 39 )	( \$ 565,295 )	( 65 )
	<b>Basic loss per common share</b>	6(26)				
9750	<b>Basic loss per share (in dollars)</b>		( \$ 2.65 )		( \$ 3.96 )	

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  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent								
		Capital surplus								
Notes	Common share	Paid-in capital in excess of par value	Treasury stock	Others	Accumulated deficit	Cumulative translation differences of foreign operations	Total	Non-controlling interest	Total equity	
<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 the period	-	-	-	-	( 563,110 )	-	( 563,110 )	1	( 563,109 )
6(19)	Other comprehensive income (loss) for the period	-	-	-	-	-	( 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>\$ 1,694,335</u>	<u>\$ 11</u>	<u>\$ 1,694,346</u>
<u>2015</u>										
	Balance at January 1, 2015	\$ 1,420,737	\$ 1,193,614	\$ 2,006	\$ 4,410	(\$ 925,919 )	(\$ 513 )	\$ 1,694,335	\$ 11	\$ 1,694,346
6(16)	Capital issued for cash	225,000	495,000	-	-	-	-	720,000	-	720,000
6(18)	Capital surplus used to offset accumulated deficits	-	( 925,919 )	-	-	925,919	-	-	-	-
	Net loss for the period	-	-	-	-	( 430,783 )	-	( 430,783 )	3	( 430,780 )
6(19)	Other comprehensive income (loss) for the period	-	-	-	-	-	1,253	1,253	-	1,253
6(15)	Share-based payments	-	19,109	-	-	-	-	19,109	-	19,109
	Balance at December 31, 2015	<u>\$ 1,645,737</u>	<u>\$ 781,804</u>	<u>\$ 2,006</u>	<u>\$ 4,410</u>	<u>(\$ 430,783 )</u>	<u>\$ 740</u>	<u>\$ 2,003,914</u>	<u>\$ 14</u>	<u>\$ 2,003,928</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  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before income tax for the period		(\$ 430,780 )	(\$ 563,109 )
Adjustments to reconcile loss before income tax to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(23)	216,763	175,909
Amortization	6(8)(23)	32,379	30,532
Loss on uncollectible accounts	6(4)	( 499 )	713
Interest expense	6(22)	13,106	13,041
Interest income	6(20)	( 2,462 )	( 722 )
Share-based payments	6(15)(24)	19,109	-
Loss on disposal of property, plant and equipment	6(21)	24,710	10,944
Property, plant and equipment transferred to expenses	6(7)	25,157	6,089
Share of loss of associates and joint ventures accounted for under equity method	6(6)	8,076	10,324
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		107,209	( 21,202 )
Accounts receivable		172,025	( 178,640 )
Accounts receivable – related parties		20,440	( 20,440 )
Inventories	6(5)	90,031	142,760
Other receivables		( 8,716 )	6,187
Prepayments		( 11,720 )	( 22,321 )
Other current assets		( 448 )	( 137 )
Net changes in liabilities relating to operating activities			
Notes payable		3,623	( 10,189 )
Accounts payable		( 34,441 )	( 15,496 )
Accounts payable - related parties		-	( 10,965 )
Other payables		( 12,745 )	19,665
Other current liabilities-other		( 10,275 )	23,557
Provisions	6(12)	( 5,279 )	3,732
Cash provided by (used in) operations		215,263	( 368,776 )
Receipt of interest		2,462	722
Interest paid		( 13,537 )	( 12,541 )
Net cash provided by (used in) operations		<u>204,188</u>	<u>( 380,595 )</u>

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2015	2014
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in other current assets	8	\$ 10,841	\$ 1,230
Increase in other non-current assets		( 29,739 )	( 20,040 )
Acquisition of property, plant and equipment	6(27)	( 152,212 )	( 488,840 )
Proceeds from disposal of property, plant and equipment		4,360	2,645
Decrease (increase) in refundable deposits		1,542	( 3,811 )
Acquisition of intangible assets	6(8)	( 285 )	( 12,147 )
Net cash used in investing activities		( 165,493 )	( 520,963 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(10)	68,113	718,209
Decrease in short-term borrowings	6(10)	( 418,953 )	( 525,627 )
Increase in long-term borrowings	6(13)	49,442	380,416
Decrease in long-term borrowings	6(13)	( 121,531 )	( 115,538 )
Proceeds from capital increase	6(16)	720,000	-
Others		-	( 1,088 )
Net cash provided by financing activities		297,071	456,372
Effect of changes in foreign currency exchange		5,286	( 7,468 )
Increase (decrease) in cash and cash equivalents		341,052	( 452,654 )
Cash and cash equivalents at beginning of period		369,113	821,767
Cash and cash equivalents at end of period		\$ 710,165	\$ 369,113

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

## Deficit Compensation Statement

2015

(Unit: NTD\$)

Items	Total
Accumulated deficit of prior years	0
(-): 2015 net loss	(430,783,156)
Deficit yet to be compensated – at the end of 2015	(430,783,156)
Items for compensating deficit:	
Additional paid-in capital	430,783,156
Deficit yet to be compensated	0

Chairman: Sheng-Shih Chang    General Manager: Sheng-Shih Chang    Accounting Manager: An-pang Huang

英屬蓋曼群島商  
立凱電能科技股份有限公司  
二零一四年度現金增資發行新股  
計畫變更  
原主辦承銷商之評估意見



元大證券股份有限公司

2015年8月 日

英屬蓋曼群島商立凱電能科技股份有限公司(以下簡稱「立凱公司」或該公司)擬辦理變更立凱公司 2014 年度現金增資發行新股計畫乙案之資金用途,提請董事會決議,並提報最近期股東常會承認。依 87.12.22(87)台財證(一)第 03693 號函規定,本承銷商就其募集資金計畫變更之評估意見如下:

一、變更前之計畫內容

(一)現金增資核准日期及文號:2014 年 12 月 26 日金管證發字第 1030051218 號函。

(二)本計畫所需資金總額:720,000 仟元。

(三)資金來源:

辦理現金增資發行普通股 22,500 仟股,每股面額新台幣 10 元,每股發行價格為新台幣 32 元,募集總金額為新台幣 720,000 仟元。

(四)計畫項目及運用進度

單位:新台幣 仟元

計畫項目	預定完成日期	所需資金總額	預定資金運用計畫							
			2015 年度			2016 年度				2017 年度
			第二季	第三季	第四季	第一季	第二季	第三季	第四季	第一季
充實營運資金	2016 年第一季	520,000	152,500	152,500	152,500	62,500	0	0	0	0
償還銀行借款	2017 年第一季	200,000	95,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
合計		720,000	247,500	167,500	167,500	77,500	15,000	15,000	15,000	15,000

(五)預計可產生效益

(1) 充實營運資金

立凱公司擬將本次所募集金額中之 520,000 仟元用於充實營運資金,除可增加長期資金來源穩定度,提升短期償債能力外,亦可減少因向金融機構借款所造成之利息負擔,進而強化公司長期競爭力,並提升資金靈活調度之彈性。以立凱公司本次擬償還銀行借款之加權利率 2.04% 計算,預計每年可節省利息支出為 10,608 仟元。

(2) 償還銀行借款

立凱公司擬將本次所募集金額中之 200,000 仟元用以償還銀行借款,除可有效節省利息支出、健全財務結構外,並可降低對銀行之依存度、提高資金調度彈性及降低營運風險。若依立凱公司預計償還之銀行借款利率 1.64%~2.41% 估算,預計 2015 年度、2016 年度及 2017 年度分別可節省利息支出為 1,524 仟元、3,133 仟元及 4,039 仟元。

二、變更後之計畫內容

(一)本計畫所需資金總額:720,000 仟元。



(二)資金來源：

辦理現金增資發行普通股 22,500 仟股，每股面額新台幣 10 元，每股發行價格為新台幣 32 元，募集總金額為新台幣 720,000 仟元。

(三)計畫項目及運用進度

立凱公司辦理現金增資發行普通股 22,500 仟股募集總金額新台幣 720,000 仟元，原係供子公司台灣立凱電能科技股份有限公司(以下簡稱「立凱電能」)用以充實營運資金及償還銀行借款。現因立凱電能營運狀況漸趨穩定，故擬修正資金運用計畫，將原計畫供立凱電能之充實營運資金新台幣 382,492 仟元，轉供立凱亞以士能原科技(上海)有限公司(以下簡稱「立凱亞以士」)及台灣立凱綠能移動股份有限公司(以下簡稱「立凱綠能」)之充實營運資金之用。

單位：新台幣 仟元

計畫項目	預定完成日期	所需資金總額	預定資金運用計畫							
			2015 年度			2016 年度				2017 年度
			截至 第二季	第三季	第四季	第一季	第二季	第三季	第四季	第一季
充實營運資金 (立凱電能)	2015 年 第二季	137,508	137,508	0	0	0	0	0	0	0
償還銀行借款 (立凱電能)	2017 年 第一季	200,000	84,124	15,000	15,000	15,000	15,000	15,000	15,000	25,876
充實營運資金 (立凱亞以士)	2015 年 第三季	94,500	0	94,500	0	0	0	0	0	0
充實營運資金 (立凱綠能)	2016 年 第二季	287,992	0	89,992	90,000	90,000	18,000	0	0	0
合計		720,000	221,632	199,492	105,000	105,000	33,000	15,000	15,000	25,876

(四)預計可產生效益

(1) 充實營運資金

本次計畫變更案通過後，擬維持將本次所募集金額中之 520,000 仟元用於充實營運資金，除可增加長期資金來源穩定度，提升短期償債能力外，亦可減少因向金融機構借款所造成之利息負擔，進而強化公司長期競爭力，並提升資金靈活調度之彈性。以立凱公司本次擬償還銀行借款之加權利率 2.04% 計算，預計每年可節省利息支出為 10,608 仟元。

(2) 償還銀行借款

本次計畫變更案通過後，擬維持將本次所募集金額中之 200,000 仟元用於償還銀行借款，除可有效節省利息支出、健全財務結構外，並可降低對銀行之依存度、提高資金調度彈性及降低營運風險。若依立凱公司預計償還之銀行借款利率 1.64%~2.41% 估算，預計 2015 年度、2016 年度及 2017 年度分別可節省利息支出為 1,524 仟元、3,133 仟元及 4,039 仟元。

### 三、評估意見

#### (一)變更計畫之合理性及必要性

立凱公司業已於 2014 年申報增資發行 22,500 仟股募集總金額新台幣 720,000 仟元，原係供子公司立凱電能用以充實營運資金及償還銀行借款。立凱電能自 2015 年第一季營運狀況好轉，現金流入狀況良好，已能自行產生營運所需之部分資金。

然立凱綠能原規畫之 104 年度資金需求新台幣 287,992 仟元係採取辦理私募作為資金募集來源，但因洽詢投資人進度不如預期，尚無法滿足該資金缺口。

另，立凱亞以士原計畫之 104 年度資金需求新台幣 115,000 仟元係採自有資金或其他方式支應，然立凱亞以士現負債比率已高，辦理增資可使財務結構改善。

基於集團營運及財務考量，立凱公司擬修正資金運用計畫，將原計畫供立凱電能之充實營運資金新台幣 382,492 仟元，轉供立凱亞以士及立凱綠能之充實營運資金之用，以增加資金配置效率及彈性，使財務結構更加強化，提升償債能力，進而降低營運風險，變更計畫應屬合理。

單位：新台幣 仟元

項目	2014 年送件時點預估 2015 年度				2015 年 6 月預估 2015 年度					須調整資金來源之原因說明
	整體資金需求予資金來源配置規劃				整體資金需求予資金來源配置規劃					
資金需求	子公司	用途	金額	預估資金來源	子公司	用途	金額	資金需求推估依據	調整資金來源	
	立凱電能	充實營運資金	520,000	2014 年現增	立凱電能	充實營運資金	520,000	係以預估 2015 年營運規模為 787,073 仟元推估而得	其中 137,508 仟元由 2014 年現增支應，其餘 382,492 仟元改由借款方式或自有資金支應	因 2015 年第一季立凱電能之營運狀況好轉，現金流入狀況良好，已能自行產生營運所需部分資金，因此基於集團營運與財務考量，故將 2014 年現增中之 382,492 仟元轉入立凱綠能與立凱亞以士
	立凱電能	償還銀行借款	200,000	2014 年現增	立凱電能	償還銀行借款	200,000	-	-	-
	立凱綠能	充實營運資金	288,000	私募	立凱綠能	充實營運資金	288,000	根據未來一年之立凱綠能之人力規劃及業務發展方向並參酌 2014 年之實際費用所預估之 2015 年資	其中 287,992 仟元由 2014 年現增支應，其餘 8 仟元由蓋曼自有資金支應	原規劃係以私募做為資金來源，但因洽詢投資人之進度不如預期，在無其他更佳融資管道下，因而變更 2014 年現增以支應立凱綠能之資金需求，以滿足該公司之短期資金缺口

							金需求而來		
立凱亞以士	充實營運資金	115,000	自有資金或其他方式	立凱亞以士	充實營運資金	115,000	根據亞以士 2015 年 4 月帳載流動資產與流動負債應付差額約 NTD 1.76 億所推估	其中 94,500 仟元改由 2014 年現增支應，其餘改由借款方式或自有資金支應	因亞以士負債比已達 145%辦增資將使財務結構改善(已向央行辦理調整計畫項目並取得核准)
加拿大廠	資本支出	102,571	自有資金或其他方式	加拿大廠	資本支出	102,571	-	-	-
合計		1,225,571		合計		1,225,571	-	-	-

(二)原計畫執行情形、已投入資金產生之效益、未支用資金運用情形及合理性

1.原計畫執行情形、已投入資金產生之效益

截至 104 年 6 月 30 日止，該公司 103 年度現金增資計畫案件於 104 年 2 月 6 日即收足募資款項 720,000 仟元，依原訂計畫用以充實營運資金及償還銀行借款，其若以資金募集完成後可節省之利息支出而言，因原借款利率與實際償還借款之利率差異不大，故就預定效益與實際效益之達成情形，應無重大差異。

2.未支用資金運用情形及合理性

該公司截至 104 年 6 月 30 日年止，未支用資金共計 498,368 仟元，目前存放於該公司銀行存款科目下，其未支用資金用途尚屬合理。

(三)變更後計畫預計資金運用進度及預計產生效益之合理性

1.變更後計畫預計資金運用進度

單位：新台幣 仟元

計畫項目	預定完成日期	所需資金總額	預定資金運用計畫							
			2015 年度			2016 年度				2017 年度
			截至第二季	第三季	第四季	第一季	第二季	第三季	第四季	第一季
充實營運資金 (立凱電能)	2015 年 第二季	137,508	137,508	0	0	0	0	0	0	0
償還銀行借款 (立凱電能)	2017 年 第一季	200,000	84,124	15,000	15,000	15,000	15,000	15,000	15,000	25,876
充實營運資金 (立凱亞以士)	2015 年 第三季	94,500	0	94,500	0	0	0	0	0	0

充實營運資金 (立凱綠能)	2016年 第二季	287,992	0	89,992	90,000	90,000	18,000	0	0	0
合計		720,000	221,632	199,492	105,000	105,000	33,000	15,000	15,000	25,876

## 2. 預計產生效益之合理性

### (1) 充實營運資金

本次計畫變更案通過後，擬維持將本次所募集金額中之 520,000 仟元用於充實營運資金，除可增加長期資金來源穩定度，提升短期償債能力外，亦可減少因向金融機構借款所造成之利息負擔，進而強化公司長期競爭力，並提升資金靈活調度之彈性。以立凱公司本次擬償還銀行借款之加權利率 2.04% 計算，預計每年可節省利息支出為 10,608 仟元。

### (2) 償還銀行借款

本次計畫變更案通過後，擬維持將本次所募集金額中之 200,000 仟元用以償還銀行借款，除可有效節省利息支出、健全財務結構外，並可降低對銀行之依存度、提高資金調度彈性及降低營運風險。若依立凱公司預計償還之銀行借款利率 1.64%~2.41% 估算，預計 2015 年度、2016 年度及 2017 年度分別可節省利息支出為 1,524 仟元、3,133 仟元及 4,039 仟元。

## 四、本計畫變更對股東權益之影響

該公司本次計畫變更係將原計畫供立凱電能之充實營運資金新台幣 382,492 仟元，轉供立凱亞以士及立凱綠能之充實營運資金之用，以增加資金配置效率及彈性，使財務結構更加強化，提升償債能力，進而降低營運風險，對股東權益應屬正面之影響。

# 蓋曼立凱電能科技股份有限公司

私募普通股案

私募價格合理性之獨立專家意見書

中華民國一〇五年四月十三日

## 蓋曼立凱電能科技股份有限公司

### 私募價格合理性之獨立專家意見書

蓋曼立凱電能科技股份有限公司（以下簡稱立凱公司或該公司）主要營業項目為電池之奈米金屬氧化物共晶體化磷酸鐵鋰化合物及橄欖石結構鋰電池關鍵材料研發、製造及銷售；電池、汽車及其零件製造及批發；發電、輸電、配電機械製造。本次立凱公司計劃辦理私募發行普通股，該公司董事會擬於 105 年 4 月 14 日決議通過辦理私募股數以不超過 46,000,000 股為限，及私募價格以不低於定價日參考價格之七成。茲依相關規定，就本案私募價格為參考價格成數訂定之依據及其合理性評估說明如下。

#### 壹、財務狀況

立凱公司設立於民國96年11月，主要為磷酸鋰鐵電池正極材料廠商。該公司於民國102年12月經行政院金融監督管理委員會核准正式上櫃掛牌買賣。

立凱公司最近二年度簡明合併財務資料如下所示：

##### 一、最近二年度之簡明合併資產負債表

項目	單位:新台幣仟元	
	104 年度	103 年度
流動資產	1,150,411	1,191,118
不動產、廠房及設備	1,169,013	1,305,261
非流動資產	1,458,703	1,641,053
資產總額	2,609,114	2,832,171
流動負債	445,837	911,983
非流動負債	159,349	225,842
負債總額	605,186	1,137,825
股本	1,645,737	1,420,737
資本公積	788,220	1,200,030
累計虧損	-430,783	-925,919
歸屬於母公司之權益	2,003,914	1,694,335
每股淨值(元)	12.18	11.93

資料來源：經會計師查核簽證之財務報告書

## 二、最近二年度之簡明合併綜合損益表

單位:新台幣仟元

項目	104 年度	103 年度
營業收入	1,094,651	864,823
營業毛利	299,454	42,938
營業損失	-388,243	-577,425
營業外收入及支出合計	-42,537	14,316
稅前淨損	-430,780	-563,109
本年度淨損	-430,780	-563,109
淨損歸屬於母公司	-430,783	-563,110
母公司每股虧損(元)	-2.65	-3.96

資料來源：經會計師查核簽證之財務報告書

## 貳、評價方法之選擇

股票價值之評價方法很多，各種方法皆有其優缺點，目前市場上所採用之評價方式大致包括市價法、最近交易價格法、財務分析法(透過對標的公司及同業公司之財務分析如本益比、股價淨值比或其他財務比率等進行分析評價之方法)及現金流量折現法(以選定之折現率，將標的公司未來營運所產生之現金流量折算成現值，以決定公司價值之方法)等，但實務上由於現金流量折現法須利用公司對未來現金流量之預估值，其涉及較多假設性項目，其有較高之不確定性，故不採用。另由於該公司近二年呈虧損情形，因此本案擬採用平均市價法及同業股價淨值比法為評價基礎，作為本次評價私募價格之方法。

而股價之評價亦應考量標的公司之特性、股票流動性、未來獲利能力、流通在外籌碼安定性、已投入之成本及產業之屬性等因素予以適當調整。故一般私募價格多由公司決議採用可接受之評價基礎設算可能的價格區間，同時考量其他關鍵因素再訂定私募價格。

## 參、私募價格之合理性說明

### 一、參考價格及私募價格為參考價格成數

#### (一) 參考價格:

本次私募參考價格以民國105年4月14日為基準日，立凱公司基準日前一、三或五個營業日之普通股收盤價簡單算術平均數分別為

29.00元、28.88元及29.28元；另定價日前三十個營業日普通股收盤價簡單算術計算之股價為30.08元，故選擇二者最高者30.08元作為本次私募案參考價格。

## (二) 私募價格為參考價格成數

為使公司籌募資金方式更具有彈性並順利於短期間取得所需資金，一般私募與公開募集主要差異在於其有價證券之流動性較差，致私募案之私募價格多低於參考價格，故立凱公司擬於董事會暫定「私募價格不低於參考價格之七成」之原則。惟尚待立凱公司於股東會召集事由中列舉，並於股東會充分說明，以符合證券交易法第四十三條之六及公開發行公司辦理私募有價證券應注意事項之規定。

## 二、私募價格合理性說明

本案擬採用平均市價法及同業股價淨值比法為評估基礎，並考量本次私募股票流動性折價等其他關鍵因素，以評估本次私募合理股價。茲將評估方式說明如下：

### (一) 平均市價法

參考立凱公司105年4月13日(含)前60日、90日及120日等天數之股價表現，作為其價值之評估。

單位:新台幣元

採樣期間	平均股價	私募價格區間
前60營業日	29.19	29.19~31.07
前90營業日	29.83	
前120營業日	31.07	

資料來源:中華民國櫃檯買賣中心之公開資訊

### (二) 股價淨值比法

目前立凱公司屬上櫃公司，具公平交易市場可供參考，且該公司為磷酸鋰鐵電池正極材料廠商，故擬以類似產業之已上市(櫃)公司：長園科、康普及美琪瑪為採樣同業，參閱各家於公開資訊觀測站公告之104年度財務報表數字、證券櫃檯買賣中心及各該同業之公開資訊，設算採



樣同業105年4月13日(含)前60、90及120營業日之平均股價淨值比，如下表所示：

採樣期間	8038長園科	4739康普	4129美琪瑪	平均股價淨值比
前60營業日	4.98	1.66	1.68	3.32
前90營業日	4.42	1.62	1.68	3.02
前120營業日	4.06	1.62	1.65	2.84

資料來源：104年度經會計師查核簽證之財務報表、證券櫃檯買賣中心及各該同業之公開資訊。

以採樣同業105年4月13日(含)前60、90及120營業日之平均股價淨值比還原立凱公司之股價如下：

單位：元

採樣期間	同業平均 股價淨值比	立凱公司 104年底每股淨值	設算每股 參考價格	理論價格 參考區間
前60營業日	3.32	12.18	40.44	34.59~40.44
前90營業日	3.02	12.18	36.78	
前120營業日	2.84	12.18	34.59	

資料來源：立凱公司104年度經會計師查核簽證之財務報表、證券櫃檯買賣中心及各該同業之公開資訊。

### 三、決定私募價格之關鍵因素及彙總

本案經採用平均市價法及股價淨值比法等評估模式，評估立凱公司參考價格區間，彙總如下：

評價方法	參考價格區間(元)
平均市價法	29.19~31.07
股價淨值比法	34.59~40.44
理論私募價格區間(元)	29.19 ~ 40.44
考量流動性風險折價成數	30%
調整流動性折價後私募價格區間(元)	20.43 ~ 28.31
暫定參考價格(元)	30.08
調整流動性折價後私募價格占參考價格之成數區間	67.92% ~ 94.12%

## 肆、結論

本次私募參考價格以民國105年4月14日為基準日，立凱公司基準日前一、三或五個營業日之普通股收盤價簡單算術平均數分別為29.00元、28.88元及29.28元；另基準日前三十個營業日普通股收盤價簡單算術計算之股價為30.08元，故選擇二者最高者30.08元作為本次私募案參考價格。考量應募人對私募股票自交付日起三年內，除依證券交易法第四十三條之八規定情事外，有不得再行賣出之流通性限制，因此私募價格因流動性受限給予合理之折價，再參酌公司過去之經營狀況及未來之發展條件，綜合考量後訂定私募普通股價格應不低於目前暫訂參考價之七成。

彙總上述各項評估方法及流動性折價之每股價格區間為20.43元~28.31元間。另依暫訂參考價格30.08元設算後，即私募價格為參考價格之成數區間為67.92%~94.12%之間。再考量未來立凱公司獲利能力、經營狀況之未來發展條件等因素，立凱公司本次私募普通股擬訂定私募價格不低於參考價格之七成，尚在前述私募價格為參考價格之成數區間範圍內，故本次訂定私募價格以不低於其參考價格之七成之訂定依據應尚屬合理。

## 獨立性聲明

- 一、本公司接受蓋曼立凱電能科技股份有限公司委託，僅對該公司一〇五年度第一次私募普通股之參考價格成數訂定之合理性提供評估意見，本評估意見書及其結論，僅供本次私募案使用，該結論不得移作其他目的使用。
- 二、本公司為執行上項業務特聲明下列情事：
  - (一)本公司非蓋曼立凱電能科技股份有限公司採權益法評價之被投資公司。
  - (二)本公司非蓋曼立凱電能科技股份有限公司採權益法評價之投資者。
  - (三)本公司董事長或總經理與蓋曼立凱電能科技股份有限公司之董事長或總經理並非同一人，且無配偶或二親等以內親屬關係者。
  - (四)本公司並非蓋曼立凱電能科技股份有限公司之董事及監察人。
  - (五)蓋曼立凱電能科技股份有限公司並非本公司之董事及監察人。
  - (六)本公司與蓋曼立凱電能科技股份有限公司間於上述情事外，並無財務會計準則第六號公報所訂關係人之關係。
- 三、私募參考價格合理性評估意見之製作，已確實考量立凱公司實際營運狀況、真實價值，並本於客觀、公正、獨立超然精神出具。

評估人：福邦證券股份有限公司



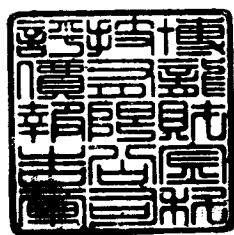
代表人：黃顯華



中 華 民 國 一 〇 五 年 四 月 十 三 日

五龍電動車集團股份有限公司  
無擔保轉換公司債  
金融工具評價報告

委託人：蓋曼立凱電能科技股份有限公司  
收受人：蓋曼立凱電能科技股份有限公司  
評價標的：FDG CB  
評價基準日：一〇五年四月十一日  
檔案編號：20160413\_FDG CB 金融工具評價報告\_2



報告日期：一〇五年四月十三日  
評價機構：博龍財金科技有限公司  
地址：臺北市松江路 206 號 3 樓之 3  
電話：(02)2567-2597

## 一、可轉債條款內容

條款項目	內容
發行期間	Subject as provided herein, the outstanding principal amount of the Bonds, unless previously converted into Shares or repaid in accordance with the Conditions, shall be repaid subject to and in accordance with the terms of the Bonds on the [fifth] anniversary of the Issue Date or the next immediately following Business Day if such date is not a Business Day (the “ <b>Maturity Date</b> ”) at 100% of the outstanding principal amount of the Bonds.
發行總額	The Bonds will be issued in denominations of HK\$10,000,000 and integral multiples thereof or such lesser amount representing in aggregate the balance or the entire outstanding principal amount of the Bonds.
票面利率 到期償還	The Bonds bear no interest. Subject as provided herein, the outstanding principal amount of the Bonds, unless previously converted into Shares or repaid in accordance with the Conditions, shall be repaid subject to and in accordance with the terms of the Bonds on the [fifth] anniversary of the Issue Date or the next immediately following Business Day if such date is not a Business Day (the “ <b>Maturity Date</b> ”) at 100% of the outstanding principal amount of the Bonds.
轉換價格	Subject to Condition 5.4, a Bondholder may, in the manner provided in Condition 7, convert the whole or any part (in an authorized denomination) of the outstanding principal amount of its Bonds into Conversion Shares at any time from after the issuance of the Bonds until the Maturity Date at the conversion price (the “ <b>Conversion Price</b> ”) of HK\$[0.5] per Share, such Conversion Price to be adjusted from time to time pursuant to Condition 6 and provided however that the Conversion Price shall not be less than the par value of a Share.
強制轉換	Subject as provided in this Condition 5A, the Bonds shall be fully and mandatorily converted at one time into Shares at the Conversion Price following the occurrence of the Trigger Event prior to the Maturity Date. “ <b>Trigger Event</b> ” In respect of any day, the average closing price of one Share as stated in the Stock Exchange’s daily quotations sheet (excluding, for the avoidance of doubt, any price for odd lot Shares) for the last thirty (30) consecutive trading days immediately preceding (and excluding) such day exceeds HK\$0.6 (subject to adjustment for any distribution of stock dividends, cash dividends or capital reduction)
轉換期間	Subject to Condition 5.4, a Bondholder may, in the manner provided in Condition 7, convert the whole or any part (in an authorized denomination) of the outstanding principal amount of its Bonds into Conversion Shares at

	any time from after the issuance of the Bonds until the Maturity Date at the conversion price (the “ <b>Conversion Price</b> ”) of HK\$[0.5] per Share, such Conversion Price to be adjusted from time to time pursuant to Condition 6 and provided however that the Conversion Price shall not be less than the par value of a Share.
贖回權	The Company may, at any time after the 30 <sup>th</sup> months of up to (and excluding) the commencement of the seven (7) calendar day period ending on (and including) the Maturity Date, by written notice (the “ <b>Redemption Notice</b> ”) to the Bondholders elect to redeem the whole or part (being an authorized denomination) of the then outstanding principal amount of the Bonds in a pro rata manner at an amount equal to 100% of the principal amount of the Bonds sought to be redeemed as specified in the Redemption Notice (the “ <b>Redemption Amount</b> ”).
賣回權	無。

## 二、金融工具評價

以 105 年 04 月 11 日為評價基準日進行評價，二元樹可轉債評價模型所採用之參數及估算方式說明於下：

參數項目	數值	說明
評價日期	105/04/11	
存續期間	5 年	取可轉債發行期間為 5 年。
股票價格	0.455 港元	取可轉債標的股票 105/04/11 收盤價。
轉換價格	0.5 港元	根據發行及轉換辦法規定，轉換價格為 0.5 港元。
波動度	66.38%	1. 以 105/04/11 及其前一年之每日收盤價為樣本期間。 2. 以樣本期間之還原股價計算日自然對數報酬率。 3. 以日報酬率標準差進行年化，可得股價波動度。
無風險利率	0.977%	取 Investing.com 於 105/04/11 之 5 年期香港政府債券債殖利率為 0.977%，為無風險利率數值。
風險折現率	7.374%	以 7.374% 為風險折現率參考值，評估方案請參考“備註 2-風險折現率評估方案”。
分割期數	1825 期	將可轉債剩餘年限分割為 1825 期。

以二元樹可轉債評價模型進行金融工具評價，評價結果數值於下：

評價結果	項目數值
理論價值	103.51
債券價值	70.08
認股權價值	33.43

## 備註 1-評價模型概述

FDG 轉換公司債的主要條款如下:

- A、發行年限：5 年
- B、發行幣別：港元
- C、到期償還：100%
- D、票面利率：0%
- E、轉換權：發行後至到期，以 0.5 港元轉換
- F、強制轉換：連續 30 日收盤價達到 0.6 以上，以 0.5 港元強制轉換
- G、贖回權：發行滿 30 個月後至到期日公司可以以面額提前贖回

以二元樹評價模型進行評價。股票價格以 4/11 日收盤價 0.455 港元為參考，轉換價格為 0.5 港元，評價模型會展開股價二元樹，各節點將被賦予相應股價。

模型評價過程中，到期節點的價值，股價高於 0.60(強制轉換條件價格)，則節點價值皆為  $120((100/0.5)*0.6)$ ；股價位於 0.5(轉換價格)及 0.6 之間，則節點價值為轉換價值；股價低於 0.5，則節點價值為 100。從末期節點折現回來時，當處於贖回條款的有效期時，且股價低於 0.6 時，在節點上會考量贖回條款，並對節點價值進行處理；而於可轉換期間內，折現 Fair Price 小於股價，該節點數值為股價，若股價高於 0.6，則節點價值既為 0.6。藉上述方式，以二元樹公式逐步折現回基期，即可獲得可轉債的公允價值。



## 備註 2-風險折現率評估方案

### A、風險折現率評估結論

五龍電動車集團股份有限公司(以下簡稱五龍公司或發行公司)預計發行 5 年期無擔保轉換公司債，委託博龍財金科技有限公司(以下簡稱博龍財金)進行轉換公司債理論價值評價，現就評價參數(風險折現率)進行各種方案分析。

評估風險折現率時計有發行公司借款利率評估法、同產業公司借款利率評估法等方案。本次風險折現率採用發行公司借款利率評估法進行評估，評估 5 年期信用借款利率為 7.374%，以此數值為風險折現率的參考值。

### B、風險折現率評估方案

#### 公司概況

五龍電動車集團為一家於香港聯交所主板上市的公司，主要是營運項目為動力電池設計研發、電動車設計生產與電動車租賃。在目前生產進度方面，杭州的生產基地已經進入生產階段，專門生產電動中巴、商務車與乘用車。而在量產之後，公司預計年產能達到 10 萬輛。而在昆明廠部分，該廠具備汽車生產牌照及於中國雲南昆明之汽車營運牌照，主要用於生產電動巴士。

#### 產業概況

以電池為動力來源的車輛稱為電動車。電動車電力供給方式及所占的比例不同，可以分成 BEV (純電動車)、HEV (混合動力車)、PHEV (插電式混合動力車) 與 REEV (增程式電動車) 等類型。

在產業鏈部分，電動車輛產業上游產品包含電池材料、馬達材料、車體材料等。而其中電池材料為最重要，與傳統車輛差異最大之部分，材料包含正極材料、負極材料、隔離膜與電解液等。而在中游部分，產品包括電池芯/模組、電力元件/模組、電池/充電系統、動力馬達/模組、車電元件/模組、智慧車電系統等零組件、電池系統、電源供應器相關及其他週邊元件等。在下游部分，電動車輛產業下游產品包括電動大客車、電動汽車、電動機車及電動自行車、高爾夫球車等。目前又以美國 Tesla 與中國比亞迪為兩家較著名全電動電動車。

#### 1、評估公司借款利率評估法

公司有提供過去三筆一年期短期借款，利率區間為 6.00%~6.63%。根據期限相當原則，香港公債殖利率曲線圖於 104/09/30，1 年及 5 年期公債殖利率報價，分別為 0.316% 及 1.375%，估算 5 年期信用借款利率區間為 7.059%(=6.00%-0.316%+1.375%)~7.689%(=6.63%-0.316%+1.375%)。若採用發行公司評估，建議使用 7.059%~7.689%之平均值 7.374%作為此次 CB 發行風險折現率之參考。

## 2、同產業公司借款利率評估法

由於同產業公司的借款亦具有參考性，故可以選擇以同業公司的長期信用借款為依據進行風險折現率評估。

依評估公司之主要業務內容而言，其公司性質較接近電動車產業，故於 OTC 產業價值鏈資訊平台，查詢電動車產業鏈，於此業別中選擇參考公司，以有長期間借款、信用借款的公司為依據，同時參考公司基本面，進行風險折現率評估，經過篩選後之同業公司資料整理資訊如下：

代碼	名稱	借款年限	借款資料 (起)	借款資料 (迄)	借款利率 (低)	借款利率 (高)	擔保別
上游_鋰電池材料							
2308	台達電	2	104	106	0.47	0.66	信用
2371	大同	2	104	106	2	2.68	信用
8358	金居	3	103	106	2	2.46	信用
中游_零組件							
1503	士電	2	104	106	0.9	0.9	信用
2301	光寶科	5	102	107	1.5789	1.5789	信用
2317	鴻海	7	102	109	1.79	1.79	信用
2392	正崴	5	102	105	1.58	1.58	信用
2459	敦吉	3	104	107	1.4	1.4	信用
下游_電動車							
1729	必翔	2	104	106	1.645	1.98	信用

資料來源：公開資訊觀測站，博龍財金整理。

檢視公司財報，近兩半年虧損分別為 0.39 億、5.05 億港元，建議採同樣為虧損之公司借款利率作為參考，下為同業公司近兩年淨利資訊：

年度/季度	20141	20142	20143	20144	20151	20152	20153	20154
2308 台達電	1.87	2.16	2.4	2.06	1.59	1.55	2.42	2.11
2371 大同	0.3	0.19	0.05	-0.38	-0.21	-0.25	-0.45	-0.44
8358 金居	-0.23	-0.42	-0.35	-0.42	-0.33	-0.26	-0.04	-0.32
1503 士電	0.66	0.53	0.71	0.53	0.71	0.48	0.59	0.61
2301 光寶科	0.62	0.87	0.67	0.62	0.71	0.62	0.71	1.08
2317 鴻海	1.33	1.3	2.19	3.65	2.05	1.65	2.42	3.4
2392 正崴	0.5	0.3	1.02	1.68	0.45	0.28	2	0.49
2459 敦吉	0.66	0.9	1.08	0.7	0.68	1	1.01	0.8
1729 必翔	0.01	0.2	0	0.03	0.01	-0.11	0.03	-0.26

資料來源：公開資訊觀測站，博龍財金整理。

上述同業公中，2372 大同、8358 金居超過一年以為虧損狀態，情況與五龍公司較為符合，故建議使用兩者之借款利率作為風險折現率參考。

#### 2372 大同 2015Q4 借款資料

永豐銀行信用借款	500,000		2.00	借款期間為民國一〇四年十二月三十一日至民國一〇六年十二月三十一日，循環動用本合約並無特別明示還款方式，即為合約到期日一次全數清償。
永豐銀行信用借款		10,590	2.45~2.85	借款期間為民國一〇三年七月九日至民國一〇六年七月九日，自首次動用日起，每季為一期，共分36期，每季平均攤還本金。
兆豐銀行信用借款	1,200,000	1,400,000	2.53~2.60	借款期間為民國一〇四年一月十一日至民國一〇六年一月十一日，循環動用本合約並無特別明示還款方式，即為合約到期日一次全數清償。
台新銀行信用借款	200,000	200,000	2.68	借款期間為民國一〇四年十二月二十五日至民國一〇六年十二月二十五日，

2372 大同於 2015 年第四季財報上有揭露一筆二年期信用借款資料，根據財報資料顯示，該筆借款利率區間為 2.0%~2.68%。根據期限相當原則，與證券櫃檯買賣中心，公債殖利率曲線圖於 104/12/31，2 年及 5 年期公債殖利率報價，分別為 104 央債甲 10 (剩餘年限約為 1.544 年)及 104 央債甲 13 (剩餘年限約為 4.791 年)之 0.3925%及 0.6132%，以插補法計算存續期 2 年期殖利率為 0.4235%。以香港五年期公債殖利率 0.977 換算成港幣風險折現率，估算 5 年期信用借款利率區間為

$2.6815\% (= 2.0\% - 0.4235\% + 1.105\%) \sim 3.3615\% (= 2.68\% - 0.4235\% + 1.105\%)$ 。

若採用同業公司評估，建議使用 2.6815%~3.3615%作為此次 CB 發行風險折現率之參考。

#### 8358 金居 2015Q4 借款資料

### (三) 長期借款

	到期日	重大條款	104年12月31日	103年12月31日
固定利率借款：				
無擔保台幣銀行借款	104.01.10	(一) 向中華開發工業銀行取得授信額度 200,000 仟元，不得循環動用，借款期間為 101 年 1 月 10 日至 104 年 1 月 10 日止，共分五期平均攤還，自首次動用日（不得逾本合約簽約日起算屆滿 3 個月之日，且最後動用日不得逾 101 年 6 月 30 日）起算屆滿 12 個月之當日償還第一期應攤還本金，其後以每 6 個月為一期。	\$ -	\$ 40,000
浮動利率借款：				
擔保台幣及美元銀行借款	104.07.12	(二) 合庫銀行等聯合貸款： 提供土地、廠房及機器設備等為擔保品，向合庫銀行等聯合銀行借款（甲項及乙項），借款期間自 99 年 7 月 12 日至 104 年 7 月 12 日，得於授信期間分期循環動用。	-	537,375
無擔保台幣銀行借款	104.11.23	(三) 向台灣工業銀行取得授信額度 150,000 仟元，得於授信期間內循環動用，借款期間為 101 年 11 月 23 日至 104 年 11 月 23 日止，寬限期為 24 個月，寬限期屆滿之日為第一期，其後以 1 個月為一期，分 13 期清償本金。	-	126,923
無擔保台幣銀行借款	104.09.21	(四) 向遠東國際商業銀行取得授信額度 100,000 仟元，得於授信期間內循環動用，借款期間為 101 年 11 月 16 日至 104 年 9 月 21 日止，自首次動用起算滿 18 個月為第一期，其後每 6 個月為一期，共分四期，每期遞減額度 25%。	-	50,000
擔保台幣及美元銀行借款	107.07.09	(五) 富邦銀行等聯合貸款： 提供土地、廠房及機器設備等為擔保品，向富邦銀行等聯合銀行借款（甲項及乙項），借款期間自 104 年 7 月 9 日至 107 年 7 月 9 日止，自首次動用起算滿二年之日為第一期還本日，其後每六個月為一期，共分三期，於各期屆滿之日攤還甲項本金餘額，乙項於屆滿之日一次清償第一、二期各遞減授信額度之 12.5%，第三期遞減 75% 成所有剩餘額度。	1,010,000	-
無擔保台幣銀行借款	106.07.18	(六) 向高雄銀行取得授信額度 100,000 仟元，限一次動用，借款期間為 103 年 7 月 18 日至 106 年 7 月 18 日止，寬限期 18 個月，寬限期滿後以 3 個月為 1 期，分 6 期攤還。	100,000	100,000
			1,110,000	854,298
減：列為 1 年內到期部分			( 49,500 )	( 754,298 )
利率區間			\$ 1,060,500	\$ 100,000
			2.00%-2.46%	0.94%-2.00%

8358 金居於 2015 年第四季財報上有揭露一筆三年期信用借款資料，根據財報資料顯示，該筆借款利率區間為 2.0%~2.46%。根據期限相當原則，與證券櫃檯買賣中心，公債殖利率曲線圖於 104/12/31，2 年及 5 年期公債殖利率報價，分別為 104 央債甲 10 (剩餘年限約為 1.544 年) 及 104 央債甲 13 (剩餘年限約為 4.791 年) 之 0.3925% 及 0.6132%，以插補法計算存續期 3 年期殖利率為 0.4915%。以香港五年期公債殖利率 1.105 換算成港幣風險折現率，估算 5 年期信用借款利率區間為 2.6135% (=2.0%-0.4915%+1.105%) ~ 3.0735% (=2.68%-0.4915%+1.105%)。若採用同業公司評估，建議使用 2.6135%~3.0735% 作為此次 CB 發行風險折現率之參考。

### C、結論

建議使用本身之借款資料 7.374%，高於台灣比較同業區間 2.6135%~3.3615%，以下為相關之理由：

根據公司網站之揭露資料，電動車為公司主力發展方向。然而目前電動產產品仍無

法對公司營收有任何助益。出貨不增反減，2015/03/31~2015/09/30 公司電動車產品由 2,494 千港元降為 0 千港元。除此之外，鋰電子產品與租賃電動車租金收入等產品皆為衰退，代表公司營運並無上升跡象，反而正走下坡。短期之內，電動車產品恐無法為公司帶來現金流入，因此營運風險建議使用較高值。

在獲利能力表現方面，儘管毛利率因大量電池製造產生規模經濟降低成本，然而在營業費用方面，如生產、銷售、研發、財務成本皆較去年同期大幅提升，導致營業利益仍為虧損擴大狀態。目前公司營收成長仍無發跟上營運成本上升幅度，故在營運風險考量上，建議使用較高值。

在信用風險部分，公司短期償債能力因增資而上升，然預期長期仍因無營運無成長而衰退。目前，在現金方面，抵押銀行存款由 128,871 千港幣下降至 80,925 千港幣，證券戶中存款更下降至 0，而較不易變現之存貨，反而由 192,715 千港幣上升至 305,965 千港幣。而在流動負債部分，比較去年同期，流動負債由 2,286,403 港幣上升至 2,688,198 千港幣。公司鑑於如此，於 2015 年 10 月與 2016 年 2 月分別進行並完成 10 億元增資，希望藉此充實營運資金，改善財務結構。然在目前營運與獲利上未改善的情況下，長期速動資產預期仍會下降，流動負債會上升，公司速動比仍是難以進步，變現能力較難改善，因此應使用較高之信用風險，折現率使用較高之信用風險估算。

不建議使用台灣同業公司 2372 大同、8358 金居借款利率區間 2.6135%~3.3615%。原因為中國大陸、香港、台灣等利率環境不盡相同，在無風險利率與風險溢酬之評估會隨市場環境產生差異，直接使用比較會有相當大錯估風險。而子公司借款資料除子公司營運與公司設立所在地與發行公司較為相近之外，發行公司目前主要產品營收實為中聚之電池產品，使用該公司之借款利率作為評估應屬合理。

綜合以上，公司目前電動車尚未看到成果，營運風險較高。除此之外，長期財務有劣化的趨勢，清償能力下降，信用風險上升。因此，整體風險偏高，建議使用本身子公司較高之借款利率。而子公司營運所在地與產品皆與五龍電動車公司較為接近。故終以本身子公司中聚借款利率 7.374%作為此次 5 年期 CB 發行風險折現率估算。

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

### 取得有價證券交易價格合理性之獨立專家意見書

#### 壹、本意見書目的

依據「公開發行公司取得或處分資產處理準則」第十條之規定，會計師對取得及處分有價證券交易價格之合理性表示意見。

#### 貳、交易內容

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (以下簡稱立凱蓋曼) 為與香港上市公司-五龍電動車(集團)有限公司(以下簡稱五龍電動車)策略聯盟，擬取得五龍電動車發行之普通股 430,000,000 股，每股金額 HK\$0.5，約 HK\$215,000,000 及可轉換公司債 HK\$275,000,000，合計 HK\$490,000,000，折合新台幣約 2,058,000,000 元。

#### 參、議定交易價格分析

五龍電動車(集團)有限公司，係香港上市公司，股票代號：729，集團為一間綜合電動車生產商，主要業務包括(1)研發、設計及生產包括公共巴士、中小型巴士、商務車、物流車、乘用車等車型的電動汽車及其相關產品；(2)研發、生產、分銷及銷售鋰離子電池和鋰離子電池正極材料及其相關產品以及(3)經營電動汽車租賃業務。

立凱蓋曼取得五龍電動車之可轉換公司債交易價格之合理性評估，業經本會計師依審計準則公報第二十號「專家報告之採用」相關規定，採取必要之程序予以覆核竣事，茲將覆核結果說明如下：

一、取得博龍財金科技有限公司出具之「五龍電動車集團股份有限公司無擔保轉換公司債金融工具評價報告」。(以下簡稱「專家評價報告」)，其評估要點摘錄如下：

五龍電動車可轉換公司債之主要條款如下：

- A. 發行年限：5年
- B. 發行幣別：港元

- C. 到期償還：100%
- D. 票面利率：0%
- E. 轉換權：發行後至到期，以0.5港元轉換
- F. 強制轉換：連續30日收盤價達到0.6以上，以0.5港元強制轉換
- G. 贖回權：發行滿30個月後至到期日公司可以以面額提前贖回

以二元樹評價模型進行評價，股票價格以4/11日收盤價0.455港元為參考，轉換價格為0.5港元，評價結果理論價值為103.51

二、經本會計師對「專家評價報告」所採用之數據與所引用資料來源及結論，執行必要之覆核，五龍電動車可轉換公司債理論價值為103.51>100，尚屬合理。

五龍電動車係香港上市公司，經查詢香港交易所之收盤價彙整如下：

季 別	平均收盤價
2016 第 1 季	0.40
2015 第 4 季	0.51
2015 第 3 季	0.51
2015 第 2 季	0.72

摘 要	平均收盤價
前 3 個月	0.40
前 6 個月	0.46
前 9 個月	0.48
前 12 個月	0.54

經以上五龍電動車股票收盤價分析，立凱蓋曼取得五龍電動車發行之普通股每股價格為0.5港元，尚屬合理。

#### 肆、議定交易價格合理性說明

本會計師經取得「專家評價報告」，五龍電動車可轉換公司債理論價值為103.51>100，尚屬合理。另查詢香港交易所五龍電動車之股票收盤價分析，五龍電動車發行之普通股每股價格為0.5港元，尚屬合理。

依據以上分析立凱蓋曼擬取得五龍電動車發行之普通股430,000,000股，每股金額HK\$0.5，約HK\$215,000,000及可轉換公司債HK\$275,000,000，合計HK\$490,000,000，折合新台幣約2,058,000,000元，尚屬合理。且符合一般商業條件及不損害本公司及其少數股東利益。

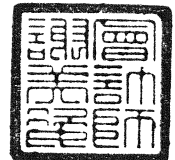
#### 伍、意見書承擔與限制條件

本意見書所列一切資料，均由立凱蓋曼所提供，就本會計師所知，資料係為有效、真實且正確可靠，唯資料來源雖屬可靠，如本意見書賴以形成之資料來源有疑問時，本會計師並無法給予任何擔保或承擔任何損害賠償責任。由於本會計師並非依照一般公認審計準則查核，因此對上述交易價格是否允當不提供任何程度之保證。若本會計師執行額外程序或依照一般公認審計準則查核，則可能發現其他應行報告之事實。本意見書僅供立凱蓋曼作為第一段所述目的之用，不可作為其他用途或分送其他人士。本報告僅與前述特定目的有關，因此不得擴大解釋為與任何 Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (立凱蓋曼) 之財務報表整體有關。

經典聯合會計師事務所

會計師

謝美姿



中華民國一〇五年四月十三日



## 獨立聲明書

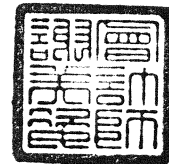
本人受託就立凱蓋曼擬取得五龍電動車發行之普通股及可轉換公司債之交易價格，提出評估意見書。

本人為執行上開業務，特聲明並無下列情事：

1. 本人或配偶現受立凱蓋曼、五龍電動車或證券承銷商聘僱，擔任經常工作、支領固定薪給者。
2. 本人或配偶曾任立凱蓋曼、五龍電動車或證券承銷商之職員，而解任未滿兩年者。
3. 本人或配偶任職之公司與立凱蓋曼、五龍電動車或證券承銷商互為關係人者。
4. 與立凱蓋曼、五龍電動車或證券承銷商負責人或經理人有配偶或二親等以內關係者。
5. 本人或配偶與立凱蓋曼、五龍電動車或證券承銷商有投資或分享利益之關係者。
6. 為立凱蓋曼、五龍電動車或證券承銷商之簽證會計師者。
7. 為台灣證券交易所股份有限公司現任之董事、監察人及其配偶或二親等以內親屬關係者。
8. 本人或配偶任職之公司與立凱蓋曼、五龍電動車或證券承銷商具有業務往來關係者。

為立凱蓋曼擬取得五龍電動車發行之普通股及可轉換公司債之交易價格，本人提出之評估意見均維持超然獨立之精神。

評估人：謝美姿



中 華 民 國 一 〇 五 年 四 月 十 三 日

## 獨立意見會計師簡歷表

姓 名：謝美姿

出生日期：民國55年5月15日

學 歷：中原大學會計學士

上海財經大學工商管理碩士

證 照：民國78年高考會計師證書

民國100年評價會計師證書

經 歷：明基電腦股份有限公司 高級管理師

資誠會計師事務所 高級查帳員

兆順聯合會計師事務所 合夥會計師

長榮聯合會計師事務所 合夥會計師

現 職：經典聯合會計師事務所 合夥會計師

中 華 民 國 一 〇 五 年 四 月 十 三 日

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

<p>115</p>	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>(1). profits will first be used to offset the Company's losses of the current year or prior years;</li> <li>(2). 10% of the remaining profits may then be set aside as legal reserve until the legal reserve amounts to the authorized capital;</li> <li>(3). 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</li> <li>(4). of the remainder, after deductions have been made in</li> </ol>	<p><u>total number of issued shares, a tentative resolution may be passed by a majority of those present according to regulations for public companies. If the number of shareholders present represent over half of issued shares prior to the end of the meeting, the chairman shall announce the official convening of the meeting. The passed tentative resolution shall be resubmitted for ratification at the shareholders meeting.</u></p> <p><u>If the company shows a profit for a given year, one to 10 percent of the profit shall be appropriated as employee remuneration. No more than one percent of the profit shall be appropriated as directors' remuneration. However, if the company has accumulated losses, profits shall not be appropriated until the loss has been made up. Employee remuneration shall be in the form of stock or cash. The subject for receiving the remuneration is set out by the Board of Directors or its authorized person(s). The allocation of employee and director remuneration shall be determined by a Board of Director resolution, where two-thirds or more of the directors are present, and at least half of those present agree to the resolution. Such Board resolution shall be reported at the shareholders meeting.</u></p>	<p>In order to comply with the current regulations.</p>
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<p>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:</p> <p>(i). up to 1% of the Remaining Profits as bonuses to the Directors; and</p> <p>(ii). 1% to 10% of the Remaining Profits as bonus of the employees of the Company and its Subsidiaries.</p> <p>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</p>	<p><u>Unless the resolution needs to be ratified again at the shareholders meeting according to Article 69 (a), the company can adjust the distribution according to the distribution ratio detailed below. The proposal for the ratio shall be drafted by the Board of Directors and proposed at the shareholders meeting. The proposal must be approved via general resolution to be valid:</u></p> <p>(1). <u>Tax payments;</u></p> <p>(2). <u>Making up for previous losses;</u></p> <p>(3). <u>Deposit 10% as a legal serve (however, this does not apply if the accumulated legal reserve has reached the company's total capital); and</u></p> <p>(4). <u>Where necessary, setting aside or reversing special reserve.</u></p> <p><u>The Board of Directors shall make proposals for the allocation of the remaining profit (based on the amount after items one to four above have been deducted, and with the initial non-allocated profit added) and distribute the profit based on a shareholders meeting resolution.</u></p> <p><u>Any remaining profit can be allocated as a dividend. The company is in the initial stages of industry development, and the corporate life cycle is in a positive growth stage. To respond to future operational expansion plans, and taking into account the dividend balance and shareholders' rights, the dividend shall be allocated to</u></p>	
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	<p>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.</p>	<p><u>shareholders in the form of cash or newly issued stocks. This reflects shareholders apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid, in a combination of both cash and stock, or in the form of a bonus. The actual issuance ratio authorized by the Board of Directors is in accordance with the Company Act and other public company regulations. Finance, business, and management factors are considered before making the allocation. However, a dividend allocation shall not be less than 10% of the remaining profit, and the cash dividend shall not be less than 10% of the total available dividend amount.</u></p>	
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D-DC-I-006C

## File Revision Comparison Table

Document Name	Regulations Governing Shareholders' Meeting	Doc. No.	W-FA-I-013	Version after Revision	D
Article Item	Content before revision	Content after revision		Description of revision reasons	
5.26	<p>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, the Company shall convene a shareholders' meeting in accordance with the Articles of Incorporation.</p>	<p>The chairperson shall call the meeting to order at the appointed meeting time. <u>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than half of the total number of issued shares, the chair shall declare the meeting adjourned. In the event that the shareholders' meeting is indispensable, the Company shall convene a shareholders' meeting in accordance with the Articles of Incorporation.</u></p>		<p>In order to comply with the current Regulations.</p>	



		<p><u>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to the regulations; all shareholders shall be notified of the tentative resolution and prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting..</u></p>	
<p>5.56</p>	<p>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</p>	<p>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”. <u>If using the method of balloting,</u> the minutes shall expressly remark the method of balloting, the number of voting powers and ratio of the</p>	<p>In order to comply with the current Regulations.</p>





	powers and ratio of the voting power.	voting power.	
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D-DC-I-006B

**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 12, 2015)

## 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.....	9
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 .....	37
Capitalisation .....	37
Share Premium Account .....	38
Audit Committee.....	38
Compensation Committee.....	39
Tender Offer.....	39
Notices .....	40
Winding Up.....	41
Amendment Of Articles Of Association.....	42
Registration By Way Of Continuation.....	42

**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 12], 2015)

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 3,000,000,000 divided into 300,000,000 shares of a nominal or par value of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to

any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

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

**THE COMPANIES LAW (AS AMENDED)**  
**COMPANY LIMITED BY SHARES**  
**AMENDED AND RESTATED**  
**ARTICLES OF ASSOCIATION**  
**OF**

**Advanced Lithium Electrochemistry (Cayman) Co., Ltd.**  
(Adopted by a Special Resolution passed dated [June 12], 2015)

**TABLE A**

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

**INTERPRETATION**

1. In these Articles:

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

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

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

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

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

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

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

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

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

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

**"GTSM"** means the GreTai Securities Market;

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

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

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

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

**"Merger"** means a transaction whereby:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"Special Resolution"** subject to the Companies Law, means a resolution passed in accordance with Section 60 of the Companies Law, being a



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

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

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

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

2. In these Articles, save where the context requires otherwise:
  - (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender;
  - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
  - (d) **"may"** shall be construed as permissive and **"shall"** shall be construed as imperative;
  - (e) reference to "written" and "in writing" shall include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;

- (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force; and
  - (g) Section 8 of the Electronic Transactions Law shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.
  - 3-1. In the case of any conflict between these Articles and the Applicable Public Company Rules, these Articles shall prevail.

### **PRELIMINARY**

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

### **SHARES**

#### **Power to Issue Shares**

6. Subject to these Articles and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board of Directors, subject to Article 17, shall have the power to issue any unissued Shares on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Companies Law.
7. Unless otherwise provided in these Articles, the issue of new Shares shall be approved by the Board of Directors. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
8. Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC, the Company shall allocate 10%

of the total amount of the new shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or GTSM for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by a general meeting for public offering in the ROC, then such higher percentage determined by resolution shall prevail. The Company may also reserve 10% to 15% of the total amount of such newly issued shares for subscription by the employees of the Company and its Subsidiaries. The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.

9. For so long as the Shares are listed on the GTSM, unless otherwise resolved by the Shareholders at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration under Article 8 above, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new shares (after allocation of the public offering portion and the employee subscription portion in Article 8) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to such newly-issued shares. In the event that percentage of shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued share, shares held by several Members may be calculated together for joint subscription of newly-issued shares or for purchase of newly-issued shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons according to the Applicable Public Company Rules.
10. Subject to the provisions of the Companies Law, the Company may issue new shares with restricted rights (the "**Restricted Shares**") to the employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 8 hereof shall not apply. For so long as the Shares are listed on the GTSM, the terms of issue of the Restricted Shares, including but not limited to, the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.

11. The pre-emptive right of Members under Article 9 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
  - (a) in connection with a Merger with another company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligations under employee warrants and/or options, including those rendered in Articles 13 and 15 hereof;
  - (c) in connection with the issue of Restricted Shares in accordance with Article 10 hereof;
  - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
  - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
  - (f) in connection with a Private Placement.
12. Unless otherwise provided herein, the Company shall not issue any unpaid shares or partly paid-up shares.
13. Notwithstanding Article 10 hereof, the Company may, upon approval by the Board of Directors, adopt one or more incentive programmes and may issue options, employee warrants or other similar instruments or distribute cash, to employees of the Company and its Subsidiaries, and in accordance with the **Applicable Public Company Rules**. Options, employee warrants, or other similar instruments issued in accordance with this Article are not transferable save by inheritance.
14. Directors of the Company and its Subsidiaries shall not be eligible for the Restricted Shares under Article 10 hereof or the incentive programmes under Article 13 above, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for the Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.
15. The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 13 above, whereby employees may subscribe, within a specific period, a specific number of shares or securities. The terms and conditions of such agreements shall be no

favourable to relevant employee than the terms specified in the applicable incentive programme.

### **PREFERRED SHARES**

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

### **Variation of Rights Attaching to Shares**

17. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the sanction of a Special Resolution passes at a general meeting of the holders of the shares of that class. Notwithstanding the foregoing, if any modification or alteration in these Articles is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of shares.
18. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking pari

passu therewith or the redemption or purchase of shares of any class by the Company.

### **Share Certificates**

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

### **Private Placement**

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

### **Fractional Shares**

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

#### **Alteration of Share Capital**

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

#### **Purchase of Own Shares**

24. Subject to the provisions of the Companies Law, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
25. Subject to the provisions of the Companies Law, the Articles and the Applicable Public Company Rules, the Company may, upon approval by a majority of the Board of Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares and the Shares listed on the GTSM) provided that, for so long as the Shares are listed on the GTSM, any such repurchase shall be in accordance with the Applicable Public Company Rules and shall be subject to the rules and restrictions set forth in Article 26 hereof.
- 25-1 In the event that the Company proposes to purchase any Share listed on the GTSM pursuant to the preceding Article, the approval of the Board of Directors and the implementation thereof shall be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall apply even if the Company does not implement the purchase of the Shares listed on the GTSM for any reason.
26. For so long as the Shares are listed on the GTSM, the Company is authorised to purchase any Share listed on the GTSM in accordance with the following manner of purchase:

- (a) the total price of the Shares purchased by the Company shall not exceed the sum of retained earnings less any distribution or dividends which have been declared by the Company plus the following realized capital reserve:
    - (i) any premium received from the disposal of assets that has not been booked as retained earnings;
    - (ii) the premium received on the issuance of any share and income from endowments received by the Company;
  - (b) the maximum number of Shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding Shares; and
  - (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
    - (i) such purchase transactions shall be in accordance with the Applicable Public Company Rules; and
    - (ii) such purchase transactions shall be in accordance with the Companies Law.
- 26-1 Subject to the Companies Law and Applicable Public Company Rules, the Company may by Special Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital or any capital redemption reserve. Any such redemption or purchase and the payment out of share capital or capital redemption reserve must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Companies Law or the Applicable Public Company Rules.
27. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.
28. Unless otherwise provided herein, Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.
29. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of a Treasury Share.



30. The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Companies Law.
31. Subject to the provisions of the Companies Law, the Articles and the Applicable Public Company Rules, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors provided that, for so long as the Shares are listed on the GTSM, any Treasury Shares not disposed of or otherwise transferred by the Company within three years from the date of the repurchase shall be cancelled immediately when the 3-year period has elapsed.
32. Notwithstanding Article 31 above, after the Company purchases the Shares listed on the GTSM, any proposal to transfer Treasury Shares to the employee of the Company or its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be subject to the approval of two-thirds or more of the shareholders attending the general meeting who represent a majority of the total number of the Company's outstanding shares at the most recent general meeting. The handbook of the general meeting shall list and explain the following matters, which may not be made by ad hoc motion:
- (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
  - (b) the number, purpose and reasonableness of the proposed share transfer;
  - (c) conditions for and volume of shares purchased by the employee; and
  - (d) any effect on the shareholders' rights:
    - (i) the expensed amount and any dilution of the Company's shares; and
    - (ii) any financial burden on the Company caused by transfer of shares to employees at a price lower than the average repurchase price paid by the Company.

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

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

## **REGISTRATION OF SHARES**

### **Register of Members**

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

### **Transfer of Registered Shares**

36. The instrument of transfer of any share shall be in any usual or common form or such other form as the Board of Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Board of Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a shareholder until the name of the transferee is entered in the Register of Members in respect thereof.
37. The registration of transfers may be suspended when the Register of Members is closed in accordance with Article 42 hereof.
38. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Board of Directors

declines to register shall (except in any case of fraud) be returned to the person depositing the same.

39. Notwithstanding the preceding 3 Articles, Shares traded on the GTSM shall be transferred in a manner consistent with the Applicable Public Company Rules.

#### **Transmission of Shares**

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

#### **Closing Register of Members or Designating a Record Date**

42. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Board of Directors may provide that the Register of Members shall be closed for transfers for a stated period. For so long as the shares are listed on the GTSM, the Register of Members shall be closed for a period not less than the minimum period of time as prescribed by the Applicable Public Company Rules.
43. Other than the closing of the Register of Members for registration of transfer of shares, the Board of Directors may designate a record date in advance to determine the Members who are entitled to receive notice of, attend or vote at any meeting of Members or those Members that are entitled to receive payment of any dividend. The Directors shall make a

public announcement of the designation of such record date on the Market Observation Post System or the website designated by the FSC or GTSM pursuant to the Applicable Public Company Rules, if required.

## **MEETINGS OF MEMBERS**

### **General Meetings**

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

### **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 shall adopt a candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in

accordance with policies established by the Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Companies Law, the Memorandum of Association, these Articles and the Applicable Public Company Rules. For so long as the Shares are listed on the GTSM, subject to the requirement of the competent securities authority in the ROC, such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Independent Directors.

91. If the number of Independent Directors elected pursuant to Article 87 is less than three persons due to the resignation or removal of any of the Independent Directors or any other reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed or vacated, the Board of Directors shall hold, within sixty days from the date of resignation or removal of last Independent Directors, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies. If the Independent Directors domiciled in the ROC has resigned or has been removed or vacated which results in not at least one Independent Directors domiciled in the ROC, the Board of Directors shall hold, within sixty days from the date of resignation or removal of last retiring Independent Director domiciled in the ROC, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
92. If the number of vacancies on the Board of Directors of the Company is less than one third of the total number of Directors elected due to any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies on the Board of Directors of the Company equals to or is greater than one third of the total number of Directors elected, the Board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.

#### **Removal of Directors**

93. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. Where re-election of all Directors is 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.
- (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.

## **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 31<sup>st</sup> 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	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

# Regulations Governing Shareholders' Meeting





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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.
C	Lee Yu-Mei	Huang An-pang		In order to comply with the FSC No.1030051379 notice.

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

## 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	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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 its shareholder services agent as well as fifteen days in advance of the shareholders' meeting, and to be handed out on-the-spot of the shareholders' meeting.

- 5.5 Subject to consent by the counterparts, the notices and promulgation of the Company shall bear the subjects of the meeting and may be served by electronic means.
- 5.6 The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, dissolution, merger, division or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act of the Company or other major issues which could not be suggested by means of occasional (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	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

- 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	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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). The Company shall not ask shareholders to show any other certificates. A shareholder who solicits a proxy (power of attorney) shall also get ready identity certificate ready for verification.
- 5.19 In case a government or judicial (corporate) person is a shareholder, the representative(s) thereof shall not be limited to one person. When a juristic (corporate) person is authorized to be a proxy to attend a shareholders' meeting, it may appoint only one representative to attend the meeting.
- 5.20 In the event that a shareholders' meeting is convened by the Board of Directors, such shareholders' meeting shall be chaired by the Chairman. In the Chairman's absence or unavailability to exercise his responsibilities and powers, the Vice Chairman shall act in place. If the Company has no Vice Chairman or if the Vice Chairman is unavailable to perform the duties as well, the Chairman shall, in advance, appoint a director to act in his place. In absence of such appointment by the Chairman, one director shall be elected from among themselves to act in the place.

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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

- 5.21 A shareholders' meeting convened by the Board of Directors, Chairman shall be chaired, and it is advisable that attended by a majority of the total director seats of the Board of Directors and at least one seat of the Audit Committee being attended, and any other function committee member being attended. Such situation of attendant shall be recorded on the meeting minutes.
- 5.22 In the event that 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

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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

- 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

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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

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



Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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 and voting by each case. After the meeting, key in the results of agree, disagree and waived on the MOPS.

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

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

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.
- 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.

Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

- 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 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.



Document No	W-FA-I-013	Release Date	150612
Document Name	Regulations Governing Shareholders' Meeting	Version	C

## 8. Appendices:

### 8.1 Contents of inspection

#### **Operating vouchers**

1. Sign-in book of shareholders.
2. Minutes of shareholders' meeting.



## Shareholdings of All Directors

(一) Shareholdings of All Directors :

Title	April 29, 2016
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
Independent Director	Tay-Chang Wang	0