

Stock Code : 5227

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

**2023 Annual Shareholders' Meeting  
Meeting Handbook  
(Translation)**

**Meeting type : Video-conferencing assisted shareholders meeting  
(physical shareholders meeting supported by video conferencing)**

**Time: June 15, 2023 at 09:00 a.m.**

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

**E-Meeting Platform: "Shareholders meeting e-Voting Platform – Hybrid  
Shareholders' Meeting" by Taiwan Depository & Clearing Corporation  
(website: <http://www.stockvote.com.tw>)**

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Disclaimer:

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2022 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.**  
**2023 Shareholders' Meeting Procedure**

**I.Meeting Procedure**

- 1.Time: Thursday, June 15, 2023 at 09:00 a.m.
- 2.Place: No. 398, Taoying Road., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)  
(Chuto Plaza Hotels)
- 3.Call Meeting to Order: Report total number of share attendance
- 4.Chairman's Speech:
- 5.Report Items:
  - (1) Business Report of 2022
  - (2) Inspection Report of Audit Committee of 2022
  - (3) Report of sound business operation 2022
  - (4) Report of private equity 2022
- 6.Proposed Items:
  - (1) Proposal for Business Report and Financial Statements 2022
  - (2) The proposal of deficit compensation 2022
- 7.Discussion Items:
  - (1) Proposal for the raising of private equity
  - (2) Proposal for modification of the "Articles of Incorporation"
- 8.Election Items
  - (1) The Election of Directors
- 9.Other Items
  - (1) Proposal of Release the Prohibition on Directors from Participation in Competitive Business
- 10.Extemporary Motions
- 11.Adjournment

## II. Report Items

Proposal 1:

Proposal: Business Report of 2022.

Explanation: Business Report of 2022, attached in Attachment 1 of the Meeting Agenda, page 10~11.

Proposal 2:

Proposal: Inspection Report of Audit Committee of 2022.

Explanation:

1. In accordance with Article 14, paragraph 4, subparagraph 3 of the Taiwan Securities Transaction Act, when the company sets up the audit committee, the provisions of the Taiwan Securities Transaction Act, the Company Act and other relevant laws for the supervisor are approved by the audit committee.
2. In accordance with the above provisions, the Audit Committee shall use the provisions of Article 228 of the Company Act to review the business report, financial statements and proposals of the deficit compensation approved by the 8nd meeting of the 28th Board of Directors, and issue a verification report. Please refer to Attachment 2 of the Meeting Agenda, page 12.

Proposal 3:

Proposal: Report of the implementation of sound operation plan 2022.

Explanation:

1. In accordance with No.1030051218 of the Financial Supervisory Commission on December 26, 2014, the company has reported the implementation of sound business operation 2022 at the 31th meeting of the 7th term board of directors on March 10, 2023.
2. The report of sound business operation 2022 are as attached in Attachment 3 of the Meeting Agenda, page 13~15.

Proposal 4:

Proposal: Report of private equity 2022.

Explanation: Capital injection by issuance of 40 million shares of common stocks through private placement had been terminated by the resolution of the board of Directors due to can not be done before the expiry date on June 29 ,2023 .

### **III. Proposed Items**

Proposal 1: (By the Board of Directors)

Proposal: Proposal for Business Report and Financial Statements 2022, please approve it.

Explanation:

1. The consolidated financial statements 2022 of the company was reviewed by the accountant Wei-Hao Wu and Yu-Kuan Lin of PwC Taiwan, and reports were issued with unreserved opinions.
2. The business report and financial statements 2022 accepted by the board of directors, and it is proposed to the shareholders' meeting for approval.
3. Business report are as attached in Attachment 1 of the Meeting Agenda, page 10~11.
4. Consolidated financial statements are as attached in Attachment 4 of the Meeting Agenda, page 16~28.

Resolution:

Proposal 2: (By the Board of Directors)

Proposal: Proposal of the deficit compensation 2022, please approve it.

Explanation:

1. For the fiscal year of 2022, the Company's loss after tax was NT\$398,099,488, and the deficit to be offset at the beginning of the period was NT\$127,371,259. In total, the accumulated deficit to be offset was NT\$525,470,747. The Company intends to cover part of the losses with capital reserve by stock issuance of NT\$500,257,540, combined with other capital of NT\$14,786,801 to offset some of the losses. The total deficit yet to be compensated at the end of 2022 was NT\$10,426,406.
2. Since the company has a loss after tax in 2022, it will not allocate or distribute dividends in accordance with the Articles of Incorporation.
3. Proposal of the deficit compensation 2022 are as attached in Attachment 5 of the Meeting Agenda, page 29.

Resolution:

## IV. Discussion Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for the raising of private equity.

Explanation:

1. In order to cope with the company's future development or reinvestment or increase the working capital, and enhance the company's competitiveness, it is proposed the company to handle no more than 40 million shares of private equity to issue new shares of capital increase in cash. It is proposed the shareholders' meeting to authorize the board of directors to take into account the market conditions and meet the actual needs of the company, and handle the following financing methods and principles.
2. In accordance with Article 43 paragraph 6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", statements are as follows:

### A. Basis and reasonableness of private equity pricing

- (1). Basis for the issuing price: The price of the common stock issued by the private capital increase in cash will be no less than 80% of the reference price, which will be determined on the pricing date. The reference price is calculated based on the highest price in the following two benchmarks.
  - (a) The issuing price shall be determined by the average of the common stock closing price which is calculated on 1, 3 or 5 business days before the pricing date, deducting the bonus shares' ex-right and dividends, and adding back the stock price after the capital reduction.
  - (b) The issuing price shall be determined by the average of the common stock closing price which is calculated on 30 business days before the pricing date, deducting the bonus shares' ex-right and dividends, and adding back the stock price after the capital reduction.
- (2). Reasonableness of the issuing price: The actual issue price is intended to be authorized by the board of directors in accordance with the law and to be within the range of no less than the resolutions of the shareholders' general meeting, depending on the specific future contacts, market conditions and the company's future prospects. The basis for the above-mentioned private placement price is in accordance with the regulations of the competent authority, and at the same time, the timing, object and quantity of the transfer of private equity are in strict restrictions. Also, it is not allowed to be listed in the OTC within 3 years, and the liquidity is poor. Therefore, the portion of private placements should be reasonable.

### B. The means of selecting the specified persons

- (1). Private placements of securities are limited to the specific persons pursuant to Article 43 paragraph 6 of the Securities and Exchange Act and the Financial

Supervisory certificate No. 0910003455 of the Financial Supervisory Commission on June 13, 2002.

- (2). If the subscriber is a strategic investor: The company will choose the subscriber with good understanding of the company's operations and is beneficial to future operations. Individuals or legal persons who assist the company to improve its quality, reduce costs, and increase efficiency by applying the person's own experience, techniques, brand reputation or channel programs, etc. In order to improve the company's financial structure and strengthen its solvency, the funds of the subscribers can improve the overall financial quality of the company. The huge cost of capital and operational risks can be reduced, and the company's financial structure can be improved. It is proposed that the board of directors to be authorized to review the relevant qualifications of strategic investors.
- (3). If the subscriber is an insider or related parties of the company: Currently there are no planned applicants for insider or related parties.
- (4). The subscriber has not yet been arranged by the company, and it is proposed that the board of directors to be authorized to decide the arrangement of the actual subscriber.

#### C. Reasons for private placement

- (1). Reasons for not using public offerings: Considering the timeliness, convenience and issuing costs, we plan on cash capital increase through private placement.
  - (2). The purpose and the expected benefits of the private equity shares: The total number of private equity shares is limited to no more than 40 million shares, and the book value per share is NT\$10. It is proposed to authorize the board of directors for private placement several times within one year from the date of resolution of the shareholders' meeting. The funds for each of the private placements are used to enrich working capital, reinvestment or other capital needs for future development, and effectively reduce the cost of capital, strengthen the company's competitiveness and enhance operational efficiency.
3. Private shares of the private placement of securities shall have the same rights and obligations as issued shares, and shall not be transferred except to the transferees specified in Article 43 paragraph 8 of the Securities and Exchange Act within three years from the delivery date. After three full years since the delivery date, it is proposed to authorize the board of directors to apply to the competent authority for the privately placed securities to be traded on the over-the-counter markets in accordance with the relevant laws and regulations.
  4. Except for the portion of private placements, the essential contents of the private placement plan includes issuing price, number of shares, issuance conditions, project plans, progress in the use of funds, expected benefits, and other unfinished matters. If there are any modifications in the future due to changes in objective environmental factors, it is proposed that the board of directors is authorized to fully handle it in

accordance with relevant regulations.

5. In accordance with the letter Cheng Pao Fa Tzu No. 1120000750 from Securities and Futures Investors Protection Center on March 20, 2023, the Company explained relevant matters in the reply Cayman Aleees Tzu No. AC230328001 on March 28, 2023.

Please carefully evaluate the purpose of private placement, its impact on management rights, and the impact on shareholders' equity

A. Purpose of private placement

The purpose of private placement is to response to other funding needs for future development, enrich working capital and repay loans. Therefore, the timeliness, convenience, and issuance cost of the private placement are included in consideration. Private placement has quick and easy features. In the other side, it has restrictions that cannot be transferred within three years. It ensures a stable long-term relationship between the company and strategic investors. As a result, the company plans to raise funds through private placement.

B. Impact on management rights

Although the scheduled shares of this private placement represent 57.14% of the paid-in capital, the Company has not yet confirmed the list of candidates, and this case is only a fallback plan to increase the fundraising pipeline. If there is an identified need to issue the capital increase, no more than 10 offerings will be made in a year to avoid any significant impact on the Company's management rights.

C. Impact on shareholders' equity

The total number of shares to be placed in the private placement is limited to 40,000 thousand shares, with a par value of NT\$10 per share, and the Board of Directors is authorized to issue the shares no more than 10 times within one year from the date of the Shareholders' Meeting. The funds from each private placement will be used to finance working capital or reinvestment or other capital needs for future development, and to effectively reduce capital costs, strengthen the Company's competitiveness and enhance operational efficiency.

Resolution:

Proposal 2: (By the Board of Directors)

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

Explanation: In accordance with the letter Cheng Gui Shen Tzu No. 11200504511 from Taipei Exchange on January 27, 2023. The amendment is in accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange. Modified “Articles of Incorporation” Table are as attached in Attachment 6 of the Meeting Agenda, page 30~32.

Resolution:



## **V.Election Items**

Proposal 1: (By the Board of Directors)

Proposal: The Election of Directors

Explanation:

1. The term of the Company's eighth Board of Directors has terminated on April 9, 2023. The re-election should be held on the annual shareholders general meeting in 2023.
2. According to the corporate guidelines, the company hires 7 to 11 directors, including at least 3 independent directors, whose term would not exceed 3 years.
3. The Board of Director meeting resolved that the 9<sup>th</sup> Board of Directors of the company should include 7 directors (including 4 independent directors) elected with candidate nomination system. The three-year term of the directors lasts from June 15, 2023 to June 14, 2026. The original directors step down from the position as soon as new directors take the position.
4. The nominated candidates for directors and independent directors have been resolved on the Board of Director meeting. The directors should be elected from the name list. Please refer to page 33~34 of the Appendix 7 for candidates' educational background, experience, and other relevant information.

**Voting Results:**

## **VI.Other Items**

Proposal 1: (By the Board of Directors)

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

Explanation:

1. The Corporate Guideline Article No. 108 stipulates that a director should make a briefing on the shareholders meeting should any actions be taken by the director for the business operation of his own company or other companies, and the proposal should be accepted by majority of the attendees on a meeting with presence of over 2/3 of the shareholders.
2. The non-compete agreement is to be lifted when the Company's directors invest in or operate in other companies of which the target market is identical or similar to that of the Company without harming the benefit of the company. Please refer to page 35 of Appendix 8 in this brochure.

Resolution:

## **VII.Extemporary Motions**

## **VIII.Adjournment**

## IX.Attachment

### 1.Business Report

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

#### Business Report of 2021

1. The overview and results of management policy and business plan implementation:  
The Company has been deeply involved in the lithium battery cathode material industry for over ten years, accumulating years of research and development and technological innovations. We hold more than 120 exclusive patents worldwide and are one of the few companies outside of China with complete LFP lithium battery material manufacturing technology and patents. The outbreak of COVID-19 in 2020 had a severe impact on the global economy, leading to a significant decline in revenue. However, as the impact of COVID-19 subsides, our European, American, Japanese, and Korean customers' testing or production demands gradually recover and grow. Additionally, our transition to an intellectual property licensing company in 2022 has led us to sign a licensing agreement with a European customer in the fourth quarter of 2022, thereby driving revenue growth. As a result, our combined revenue in 2022 was NT\$707,524 thousand, an increase of NT\$394,656 thousand from 312,868 thousand in 2021, with a growth rate of approximately 126%. Our combined after-tax net loss in 2022 was NT\$398,099 thousand, a reduction of NT\$160,587 thousand from NT\$558,686 thousand in 2021, with a decrease rate of approximately 29%.  
Looking ahead, the Company will continue to invest in research and development resources and enhance our technological capabilities, optimize our product and customer portfolio, expand new niche markets for lithium battery cathode materials, and develop long-term cooperative customers to establish a solid foundation for our future development and build a stable revenue growth momentum.  
All staff members will work hard with a cautious attitude so as to establish a more profitable operating environment, increase operating efficiency, and create corporate value in return for the long-term support of all stakeholders and investors.
2. The budget execution:  
The company has not compiled the annual financial forecast in 2022, so there is no need to disclose the information on budget execution.
3. Analysis of financial income and expenditure, and profitability analysis:

Units: thousands of New Taiwan dollars

	Item	2022	2021
Financial income and expenditure	Consolidated operating income	707,524	312,868
	Consolidated gross profit (loss)	18,149	(72,390)
	Consolidate net loss after tax	(398,099)	(558,686)
Profitability	Net profit margin (Net loss)%	3%	-23%
	Net profit margin (Net loss)%	-56%	-178%

Note: In accordance with the IFRS.

As the impact of the COVID-19 pandemic eases, demand for the Company's positive electrode materials has increased. Additionally, as the Company has transitioned into a lithium

intellectual property supplier, we signed our first customer for LFP patent and technology licensing in 2022 and recognized intellectual property licensing revenue, resulting in revenue increase of NT\$395 million compared to the same period last year.

Due to the recognition of intellectual property licensing revenue, our gross profit increased from a net loss of NT\$72 million in 2021 to a net profit of NT\$18 million in 2022. To support the expansion of our licensing business, we increased our operational and consulting expenses, as well as overseas subsidiary expenses, resulting in an increase of approximately NT\$147 million in operating expenses in 2022 compared to the same period last year (excluding expected credit loss benefits).

In summary, due to the significant increase in revenue, as well as the absence of an expected credit loss provision for long-term receivables (i.e., convertible corporate bonds) from FDG Kinetic Limited in 2022, our net loss after tax in 2022 decreased by approximately NT\$161 million, representing a decrease of around 29% compared to the same period last year.

4. Research and development:

- (1) The company is actively investing in research and development of high-voltage lithium battery cathode materials and high-nickel ternary cathode materials, and commit to commercialization of new products.
- (2) The company continues to optimize the quality and function of the product, offer high-quality products to fulfill the needs of various clients, and increase its competitive advantage.
- (3) The company takes initiative and launch developing projects in collaboration with domestic and overseas research institutes as well as the clients so as to increase the cycle life and density of energy density of the batteries.

Chairman:  
Sheng-Shi Chang



General Manager:  
Sheng-Shi Chang



Accounting Manager:  
Hsiang-Chuan Tseng



## 2. Inspection Report of Audit Committee

### Inspection Report of Audit Committee

The Board of Directors handed over the Company's business reports, financial statements and proposals of deficit compensation 2022. The financial statements were entrusted by Wei-Hao Wu and Yu-Kuan Lin, certified by PricewaterhouseCoopers Taiwan, and issued an audit report.

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

To

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.  
2023 Shareholders' Meeting

Audit Committee Convener: I-Yun Chang

March 10, 2023



### 3. Report of sound business operation 2022

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

#### Report of sound business operation 2022

#### 1. The implementation of sound business operation 2021 is as follows:

##### (1) 2022 consolidated loss statement :

Units: thousands of New Taiwan dollars

Items in the consolidated income statement	2022	2021	Plus (Minus)	Plus (Minus)%
Operating Income	707,524	312,868	394,656	126%
Gross profit(loss)	18,149	(72,390)	90,539	125%
Operating Expense	(397,865)	(199,994)	197,871	99%
Non-operating income (expenses)	(18,363)	(286,302)	(267,939)	(94%)
Net loss after tax	(398,099)	(558,686)	(160,587)	(29%)

A. Operating income: As the impact of COVID-19 pandemic lessened and global attention on sustainable manufacturing and ESG issues increased, the demand for energy storage equipment rose significantly. Due to the sharp increase in market demand for lithium salts, the cost of raw materials increased and the Company adjusted its selling prices in 2022 to reflect the material costs. Additionally, the Company transformed into a lithium intellectual property supplier with LFP patents and technology licenses, signing its first customer in 2022 and recognizing intellectual property licensing revenue. Therefore, the company's operating income in 2022 increased by approximately NT\$395 million, or 126%, compared to the same period last year.

B. Gross operating loss: Due to the increase in material income and recognition of intellectual property licensing revenue, the gross operating loss of the company in 2021 turned into a gross operating profit of NT\$18 million in 2022, an increase of approximately 125%.

C. Operating expenses: The increase in sales expenses was mainly due to the improvement in operational conditions. Additionally, the Company incurred higher labor consulting expenses and increased overseas subsidiary operating expenses to meet future operational demands. As a result, the Company's operating expenses in 2022 increased by approximately NT\$198 million, or 99%, compared to the same period last year (excluding expected credit losses).

D. Net non-operating expenses: The net non-operating expenses decreased by approximately NT\$268 million, or 94%, compared to the same period last year mainly because the expected credit loss on long-term receivables (i.e., convertible corporate bonds) from FDG Kinetic Limited was no longer recognized in the current year.

E. Net loss after tax: Due to the significant increase in operating income and the absence of expected credit losses on long-term receivables from FDG Kinetic Limited in 2022, the company's net loss after tax decreased by approximately NT\$161 million, or 29%, compared to the same period last year.

##### (2) Explanation of the comparison between the 2022 income statement and the forecast:

In accordance with the letter Cheng Gui Jin Tzu No. 1110054382 from Taipei Exchange on January 27, 2023, the Company explained

Units: thousands of New Taiwan dollars

Item	2022		Plus (Minus)	Plus (Minus)%
	Actual Amount	Forecast Amount(Note)		
Operating Income	707,523	371,357	336,166	91
Gross profit(loss)	18,419	(3,614)	22,033	610
Operating Expens	(397,895)	(217,370)	180,525	83
Operating loss	(379,716)	(220,984)	158,732	72
Non-operating income (expenses)	(18,383)	(7,888)	10,495	133
Net loss after tax	(398,099)	(228,872)	169,227	74

Note: The following is an estimation of a comprehensive business plan proposed for the cash increase case in 2021.

In 2022, as the COVID-19 pandemic gradually subsides and the importance of green energy, environmental protection, and ESG issues increases, global attention and investment in sustainable manufacturing have significantly increased, driving up the demand for energy storage equipment. The price of raw material lithium salt has continued to rise due to the significant increase in market demand. To reflect the material cost, our company timely adjusted the selling price in 2022. In addition, our company has transformed into a lithium intellectual property supplier specializing in LFP patents and technology. We signed a technology license agreement with the first customer in 2022 and recognized intellectual property licensing revenue. As a result, our company's operating income in 2022 is estimated to increase by approximately NT\$336 million, an increase of about 91% from the original forecast.

Due to the increase in material income due to the increase in sales price and the recognition of intellectual property licensing income, the original expected operating gross loss turned into an operating gross profit of NT\$18 million. However, due to the increase in operating expenses such as royalty fees and export costs, as well as the increase in labor costs and overseas subsidiary operating expenses in response to future business development, the operating loss is estimated to increase by about NT\$180 million, an increase of about 83% from the original forecast.

In summary, due to the significant increase in revenue and the increase in operating expenses such as labor costs and overseas subsidiary operating expenses in response to future business development, the estimated after-tax loss for 2022 is expected to increase by approximately NT\$169 million from the original forecast.

## 2. Report of sound business operation:

### (1) Business development plan

In the past, our company has relied on the development of the Chinese new energy vehicle market, and we have accumulated more than ten years of sales performance. We have over 120 exclusive patents worldwide, and we are one of the few companies outside of China that has complete LFP lithium battery material manufacturing technology and patents. With leading electric vehicle companies are using lithium iron phosphate batteries on a large scale and several traditional carmakers indicating they will use them in entry-level models, this type of battery is gaining attention in the electric vehicle market, which will benefit the future development of the lithium iron phosphate battery industry. Our company will continue to optimize our products and customer portfolio, actively expand the energy storage battery market and electric vehicle battery market for lithium batteries (including the market for replacing lead-acid batteries in vehicles), develop long-term partnerships with well-known

customers in Europe, America, Japan, South Korea, and transition to a technology licensing model to establish a good foundation for the company's future development and enhance new momentum for stable business growth.

1. Expanding a light-asset business model based on patent technology licensing and transferring

In the past, our company has adopted a self-produced and self-sold model for phosphate-based lithium battery materials. However, due to the stronger-than-expected demand for lithium iron phosphate cathode materials in the European, American, and Asian markets, battery giants such as LG and Tesla have rushed into the lithium iron phosphate cathode material market, establishing it as the mainstream for energy storage and standard EV. To meet the needs of different customers as much as possible, our company has launched a light-asset business model based on patent technology licensing and transfer, and divided the licensing and technology transfer targets into two groups. The first group is to license technology to third-party specialized chemical companies in Europe and America, and then directly supply our certified lithium battery customers. The second group is to directly license technology to lithium battery customers, allowing them to be self-sufficient in production capacity. This adjustment has four major advantages, including a light-asset business model, responsive to customer needs, forming an LFP alliance ecosystem, and reducing the huge risks of European, American, and Asian customers overly relying on Chinese LFP.

2. Expand the energy storage battery market

Developing sustainable energy has been seen as an important global trend for environmental protection. Currently, over 130 countries have passed or announced their goals to achieve net-zero carbon emissions by 2050. Developing green energy has become a global consensus. As countries continue to increase their efforts to develop renewable energy and increase the proportion of green energy, the construction of back-end energy storage systems must also keep up. Energy storage systems can smooth out the output of green energy and improve the utilization rate of renewable energy, maximizing the efficiency of every kilowatt-hour of electricity. These are key reasons for the development of energy storage. Energy storage equipment can be widely used in the power system, including generation, transmission, distribution, and end-users such as residential and commercial buildings. As it involves the entire power system, the main driving force is still government policy support. In addition to government policies, there is also expected to be an increase in demand from end-users who want to install their own energy storage systems to maintain stable energy supply at home, and from companies driven by their commitment to achieving net-zero carbon emissions, where an increase in green energy generation will lead to increased demand for energy storage. Bloomberg NEF (BNEF) predicts that residential, commercial, and industrial energy storage systems will become more common, with home and business storage devices accounting for a quarter of global energy storage devices in ten years. Currently, Germany and Japan are the market leaders, and the markets in Australia and California, USA are also significant.

In the wave of green energy transformation, Bloomberg NEF predicts that global investment in fixed energy storage devices will exceed \$262 billion by 2030, with major markets concentrated in the United States, China, and European Union countries. The top five countries in terms of installed devices will account for 85% of the global installed capacity. The United States is expected to continue to hold the position of the largest market globally until 2025. Overall, the global energy storage industry's output value is expected to enter a period of rapid growth under the carbon neutrality and green energy themes.

Energy storage batteries do not require high energy density, but focus more on battery cost, cycle performance, and lifecycle cost. Lithium iron phosphate (LFP) batteries have low production costs and high cycle numbers, while ternary lithium batteries have safety concerns due to frequent explosion incidents, making lithium iron batteries the preferred

choice in the energy storage market. BNEF believes that rapidly developing battery technology is driving the energy storage market, and currently, batteries are primarily lithium-ion batteries, with LFP being the preferred choice in fixed energy storage systems. As the demand for energy storage in the electricity market grows rapidly and customers complete certification for mass production, it is expected to increase the company's revenue.

3. Expanding the Electric Vehicle Battery Market (Including the Lithium-Ion Battery Market to Replace Lead-acid Batteries for Automotive Use)

The global electric vehicle market is developing rapidly, with more than 20 countries setting goals to electrify their automobile industry or ban the sale of fossil fuel vehicles, with a target timeline between 2025 and 2050 with European countries being the most proactive. Many countries have long been promoting the sales of electric vehicles through policies such as mandatory carbon dioxide emission targets in Europe, subsidies and local incentive policies for electric vehicle purchasers in China, or tax incentives and incentive measures at the federal and state levels in the United States. These measures have driven all car manufacturers to invest heavily in the global electric vehicle market, resulting in a significant growth trend in demand for electric vehicles.

According to TrendForce research, the vehicle market has been affected by chip shortages causing some orders and demand to be deferred to 2023. It is estimated that global automobile sales will be around 83.9 million units in 2023, an annual increase of 3.7%, and around 91 million units in 2025. Benefiting from the rapid increase in the penetration rate of electric vehicles, there is a huge market opportunity for car electronic components. Electric vehicle-related components will become the main incremental market over the next decade and will have a high growth rate. Future driving forces include carbon reduction targets, sales bans, and purchase subsidies in various countries.

TrendForce believes that as the core component with the highest cost in an electric vehicle, reducing the cost of power batteries will be an important strategy for companies to compete in the future. Companies will focus more on reducing battery material costs and ensuring supply chain security, which are the two major issues affecting future competitiveness. Under this trend, TrendForce expects that the cost-effectiveness advantage of lithium iron phosphate batteries will become more prominent, and with continuous technological advancements, they may become the mainstream in the terminal market within the next 2-3 years. The proportion of global installed capacity of lithium iron phosphate batteries and ternary batteries will also shift from 3:7 to 6:4 in 2024.

With the flourishing development of the electric vehicle market and the continuous development of customer certification for mass production, the company's business growth is expected to be driven in the future.

(2) Product research and development plan

A. Improve and optimize existing products.

We will adopt advanced powder design and powder post-processing technologies to improve production yield rate and reduce production costs. This will help us improve product competitiveness in the global market, and continue to expand the market shares. By actively introducing new generation process technology and equipment, we are able to produce lithium battery cathode materials with higher purity, lower impurities and better processing performance to meet the needs of our customers for high-end product applications.

B. Continuous development of high-voltage lithium battery cathode materials

To keep up with the continuous increase in energy density of lithium-ion batteries, the company has invested in the development of high-voltage cathode materials such as lithium iron manganese phosphate, lithium vanadium fluorophosphate, and lithium nickel fluorophosphate, targeting for increased working voltage as well as high rate performance and high safety. Lithium manganese iron phosphate can be adopted along with ternary materials, lithium vanadium fluorophosphate can be combined with special electrolyte



systems, and lithium nickel fluorophosphate can be companied with solid electrolytes for use in electric vehicles so as to produce unique batteries with high energy density and high safety requirements of the market. some products are developed by collaborating with major overseas battery manufacturers in early stages, and the properties of materials were adjusted according to customers' test results. The clear market application goals and joint development with customers can accelerate product development and launch of products, which can provide better choices for electric vehicles and energy storage market or a unique market with high safety requirements.

C. Active investment in the development of high nickel ternary cathode materials

Due to the active transformation of the company into an intellectual property rights licensing company, the company will not add new production capacity in the future to avoid competition with licensing customers. Only to meet the verification needs of material customers, it is necessary to add authorized verification equipment as soon as possible, but it will not increase product sales.

(3) Capacity expansion plan

In the future, the Company will carefully manage its production capacity in accordance with its business development and the long-term mass production demand of our customers, as well as the progress of product certification and product development for customers down the industry chain.

(4) Sound financial operation plan

In the future, we will continue to increase revenue and reduce expenditure, track and manage the collection of accounts receivable, strive to control inventory and reduce production costs with an aim of effectively improve operational performance and control operational risks.

#### 4.Independent Auditors' Report and Consolidated Financial Statements

**ADVANCED LITHIUM  
ELECTROCHEMISTRY (CAYMAN) CO.,  
LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000358

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

***Opinion***

We have audited the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

#### **Valuation of property, plant, and equipment and intangible assets**

##### Description

Refer to Note 4(19) for accounting policy on impairment of property, plant and equipment as well as intangible assets, and Note 6(7) for details of accounts. The recoverable amounts of property, plant and equipment and intangible assets of the Group are measured based on fair value less costs of disposal, which is used to determine whether there is any impairment. The estimation of the aforementioned measurement of fair value is subject to the professional judgment of management and involves numerous assumptions and material unobservable inputs. Any changes in judgments and estimates may affect the ultimate result of accounting estimates and may have a material impact on the financial statements. Thus, we have included the key assumptions in estimating the recoverable amounts used in the valuation of property, plant and equipment and intangible assets as a key audit matter.

##### How our audit addressed the matter

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

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

## **Appropriateness of technical service revenue recognition**

### Description

Refer to Note 4(29) for accounting policies on technical service revenue and Note 6(18) for details of accounts. The Group derives technical service revenue from the licencing of patented technology to customers and provision of manufacturing consulting and support services for cathode materials of lithium batteries.

The Group identifies the respective timing of recognition of technical service revenue based on the contracts. A determination of whether the criteria to recognise revenue are met involves the appropriateness of management's judgement in relation to the terms of the contracts. Thus, we have included the appropriateness of technical service revenue recognition as a key audit matter.

### How our audit addressed the matter

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

- A. Performed a walk-through test on technical service revenue, and obtained an understanding, assessed and verified the effectiveness of the design and implementation of internal controls over technical service revenue.
- B. Selected samples from technical service revenue transactions, verified against supporting documents and collections and inspected significant terms specified in the contracts.
- C. Performed a cut-off test on samples selected from sales transactions during a certain period before and after the financial reporting date to verify the accuracy of the timing of revenue recognition.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

Wu, Wei-Hao

吳偉豪



Lin, Yu-Kuan

林玉寬



For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

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

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



  
**ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
 (Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022	December 31, 2021
<b>Current assets</b>			
1100	Cash and cash equivalents	\$ 235,395	\$ 217,101
1136	Current financial assets at amortised cost, net	64,464	51,156
1170	Accounts receivable, net	69,904	38,456
1180	Accounts receivable - related parties	-	-
1200	Other receivables	-	10,729
1210	Other receivables - related parties	-	-
1220	Current income tax assets	165	148
130X	Inventory	243,547	68,298
1410	Prepayments	54,618	89,005
1470	Other current assets	12,858	5,781
11XX	<b>Total current assets</b>	<b>680,951</b>	<b>480,674</b>
<b>Non-current assets</b>			
1517	Non-current financial assets at fair value through other comprehensive income	-	-
1535	Non-current financial assets at amortised cost, net	20,021	20,000
1550	Investments accounted for under equity method	-	-
1600	Property, plant and equipment	499,675	484,017
1755	Right-of-use assets	4,505	1,249
1780	Intangible assets	7,342	32,346
1840	Deferred income tax assets	13,465	13,465
1900	Other non-current assets	74,072	63,327
15XX	<b>Total non-current assets</b>	<b>619,080</b>	<b>614,404</b>
1XXX	<b>Total assets</b>	<b>\$ 1,300,031</b>	<b>\$ 1,095,078</b>

(Continued)

  
**ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
 (Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022	December 31, 2021
<b>Current liabilities</b>			
2100	Short-term borrowings	\$ 124,568	\$ 150,000
2130	Current contract liabilities	34,654	28,840
2170	Accounts payable	48,848	25,640
2200	Other payables	187,620	117,072
2250	Provisions for liabilities - current	34,818	34,818
2280	Current lease liabilities	2,369	1,249
2320	Long-term liabilities, current portion	15,573	27,957
2365	Current refund liabilities	11,609	6,278
2399	Other current liabilities	10,657	2,685
21XX	<b>Total current liabilities</b>	<u>470,716</u>	<u>394,539</u>
<b>Non-current liabilities</b>			
2540	Long-term borrowings	113,190	203,790
2580	Non-current lease liabilities	2,136	-
25XX	<b>Total non-current liabilities</b>	<u>115,326</u>	<u>203,790</u>
2XXX	<b>Total liabilities</b>	<u>586,042</u>	<u>598,329</u>
<b>Equity attributable to owners of parent</b>			
Share capital			
3110	Common stock	700,000	600,000
Capital surplus			
3200	Capital surplus	515,044	123,521
Accumulated deficit			
3350	Accumulated deficit	( 525,471 )	( 250,893 )
Other equity interest			
3400	Other equity interest	24,416	24,121
31XX	<b>Equity attributable to owners of the parent</b>	<u>713,989</u>	<u>496,749</u>
36XX	Non-controlling interest	-	-
3XXX	<b>Total equity</b>	<u>713,989</u>	<u>496,749</u>
Significant contingent liabilities and unrecognised contract commitments			
Significant events after the balance sheet date			
3X2X	<b>Total liabilities and equity</b>	<u>\$ 1,300,031</u>	<u>\$ 1,095,078</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**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

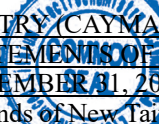
Items	Notes	Year ended December 31		
		2022	2021	
4000	Operating revenue	6(18)	\$ 707,524	\$ 312,868
5000	Operating costs	6(4)(22)(23)	( 689,375)	( 385,258)
5950	Gross profit (loss) from operations		18,149	( 72,390)
	Operating expenses	6(22)(23)		
6100	Selling expenses		( 123,221)	( 82,900)
6200	Administrative expenses		( 198,924)	( 117,203)
6300	Research and development expenses		( 75,720)	( 50,859)
6450	Expected credit impairment gain	7 and 12(2)	-	50,968
6000	Total operating expenses		( 397,865)	( 199,994)
6900	Operating loss		( 379,716)	( 272,384)
	Non-operating income and expenses			
7100	Interest income		1,173	375
7010	Other income	6(19) and 7	368	13,399
7020	Other gains and losses	6(20)	( 8,564)	( 6,007)
7050	Finance costs	6(21)	( 11,360)	( 9,352)
7055	Expected credit impairment loss	7 and 12(2)	-	( 284,717)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	-	-
7000	Total non-operating income and expenses		( 18,383)	( 286,302)
7900	<b>Loss before income tax</b>		( 398,099)	( 558,686)
7950	Income tax expense	6(24)	-	-
8200	<b>Loss for the year</b>		<u>(\$ 398,099)</u>	<u>(\$ 558,686)</u>
	<b>Other comprehensive income</b>	6(17)		
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)	\$ -	\$ 8,770
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations		295	1,269
8300	<b>Total other comprehensive income for the year</b>		<u>\$ 295</u>	<u>\$ 10,039</u>
8500	<b>Total comprehensive loss for the year</b>		<u>(\$ 397,804)</u>	<u>(\$ 548,647)</u>
	Loss attributable to:			
8610	Owners of parent		( \$ 398,099)	( \$ 558,686)
8620	Non-controlling interests		-	-
	Total		<u>(\$ 398,099)</u>	<u>(\$ 558,686)</u>
	Comprehensive loss attributable to:			
8710	Owners of parent		( \$ 397,804)	( \$ 548,647)
8720	Non-controlling interests		-	-
	Total		<u>(\$ 397,804)</u>	<u>(\$ 548,647)</u>
	Loss per share (in dollars)	6(25)		
9750	Basic loss per share		<u>(\$ 6.00)</u>	<u>(\$ 9.31)</u>

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

ADVANCED LITHIUM ELECTROCHEMISTRY (TAIWAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

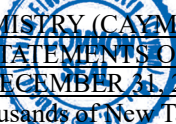
Notes	Equity attributable to owners of the parent											
	Capital Reserves					Other Equity Interest						
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Capital surplus, share options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
2021												
	Balance at January 1, 2021	\$ 1,600,197	\$ 116,585	\$ 2,006	\$ 4,930	(\$ 679,200)	\$ 22,852	(\$ 21,974)	\$ 1,045,396	\$ 15	\$ 1,045,411	
	Loss for the year	-	-	-	-	( 558,686 )	-	-	( 558,686 )	-	( 558,686 )	
	Other comprehensive income	-	-	-	-	-	1,269	8,770	10,039	-	10,039	
	Total comprehensive (loss) income	-	-	-	-	( 558,686 )	1,269	8,770	( 548,647 )	-	( 548,647 )	
	Capital reduction to offset against accumulated deficit	( 1,000,197 )	-	-	-	1,000,197	-	-	-	-	-	
	Disposal of subsidiary	-	-	-	-	-	-	-	-	( 15 )	( 15 )	
	Proceeds from disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	( 13,204 )	-	13,204	-	-	-	
	Balance at December 31, 2021	\$ 600,000	\$ 116,585	\$ 2,006	\$ 4,930	(\$ 250,893)	\$ 24,121	\$ -	\$ 496,749	\$ -	\$ 496,749	
2022												
	Balance at January 1, 2022	\$ 600,000	\$ 116,585	\$ 2,006	\$ 4,930	(\$ 250,893)	\$ 24,121	\$ -	\$ 496,749	\$ -	\$ 496,749	
	Loss for the year	-	-	-	-	( 398,099 )	-	-	( 398,099 )	-	( 398,099 )	
	Other comprehensive income for the year	-	-	-	-	-	295	-	295	-	295	
	Total comprehensive (loss) income	-	-	-	-	( 398,099 )	295	-	( 397,804 )	-	( 397,804 )	
	Issuance of shares	100,000	495,556	-	-	-	-	-	595,556	-	595,556	
	Compensation costs of employee stock warrants	-	-	-	19,488	-	-	-	19,488	-	19,488	
	Employee stock warrants expired	-	-	-	( 14,787 )	-	-	-	-	-	-	
	Employee stock warrants exercised	-	4,701	-	( 4,701 )	-	-	-	-	-	-	
	Capital surplus used to offset against accumulated deficit	-	( 116,585 )	( 2,006 )	( 4,930 )	123,521	-	-	-	-	-	
	Balance at December 31, 2022	\$ 700,000	\$ 500,257	\$ -	\$ 14,787	(\$ 525,471)	\$ 24,416	\$ -	\$ 713,989	\$ -	\$ 713,989	

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  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 398,099 )	(\$ 558,686 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	-	233,749
Depreciation (including right-of-use assets)	6(22)	55,292	52,762
Amortisation	6(22)	26,069	25,950
Net loss on financial assets at fair value through profit or loss	6(20)	133	1,522
Interest expense	6(21)	11,360	9,352
Interest income		( 1,173 )	( 375 )
Loss on disposal of property, plant and equipment	6(20)	-	902
Loss on disposal of investments	6(20)	-	4
Share-based payments	6(13)	19,488	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 133 )	( 1,522 )
Accounts receivable		( 31,448 )	( 31,236 )
Accounts receivable-related parties		-	4,755
Other receivables		10,729	( 8,873 )
Other receivables-related parties		-	46,042
Inventories		( 175,249 )	( 29,590 )
Prepayments		34,387	( 40,590 )
Other current assets		( 7,077 )	( 2,308 )
Changes in operating liabilities			
Contract liabilities		5,814	26,823
Accounts payable		23,208	16,502
Other payables		86,875	23,755
Refund liabilities		5,331	2,996
Other current liabilities		7,972	( 155 )
Cash outflow generated from operations		( 326,521 )	( 228,221 )
Interest received		1,173	375
Interest paid		( 11,432 )	( 9,133 )
Net cash flows used in operating activities		( 336,780 )	( 236,979 )

(Continued)

  
**ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
 (Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ -	\$ 10,729
Acquisition of financial assets at amortised cost		( 75,536 )	( 68,855 )
Proceeds from disposal of financial assets at amortised cost		62,213	15,000
Proceeds from disposal of subsidiaries (net of cash of subsidiary disposed)		-	28
Acquisition of property, plant and equipment	6(26)	( 83,171 )	( 26,330 )
Proceeds from disposal of property, plant and equipment		-	13
Acquisition of intangible assets		( 1,065 )	( 82 )
Increase in refundable deposits		( 1,112 )	( 12,578 )
Decrease in refundable deposits		231	320
Increase in other non-current assets		( 9,864 )	-
Net cash flows used in investing activities		<u>( 108,304 )</u>	<u>( 81,755 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		124,568	817,556
Decrease in short-term borrowings		( 150,000 )	( 683,113 )
Increase in long-term borrowings		-	105,000
Decrease in long-term borrowings		( 102,984 )	( 18,587 )
Payment of lease liabilities	6(27)	( 2,205 )	( 2,336 )
Proceeds from issuance of shares	6(14)	<u>595,556</u>	<u>-</u>
Net cash flows from financing activities		<u>464,935</u>	<u>218,520</u>
Effect of changes in foreign currency exchange		( 1,557 )	( 483 )
Net increase (decrease) in cash and cash equivalents		18,294	( 100,697 )
Cash and cash equivalents at beginning of year		<u>217,101</u>	<u>317,798</u>
Cash and cash equivalents at end of year		<u>\$ 235,395</u>	<u>\$ 217,101</u>

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

5. Statements of deficit compensated 2022

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Statements of deficit compensated (2022)



Units: New Taiwan Dollars

Item	Amount
Opening balance of accumulated deficits not yet compensated	(\$127,371,259)
2022 net loss after tax	(398,099,488)
Accumulated deficits not yet compensated	(525,470,747)
Deficits to be offset:	
Capital surplus - Issuance of share above par	500,257,540
Capital surplus - Others	14,786,801
Ending balance of accumulated deficits not yet compensated	(\$10,426,406)

Chairman:  
Sheng-Shi Chang



General manager:  
Sheng-Shi Chang



Accounting manager:  
Hsiang-Chuan Tseng



6.Modified Articles of Incorporation Revision Table



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

Articles of Incorporation  
Document Modification revision table

Item	Before modification	After modification	Reasons for modification
Article 80	In the event any part of the Company's business is spun off or involved in any Merger or Acquisition or Share exchange, 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.	In the event any part of the Company's business is spun off or involved in any Merger or Acquisition or Share exchange, the Member, who has expressed his dissent either in writing or verbally (with a record) before or during the general meeting and objected to such matters by vote, <u>or forfeited his/her/its right to vote on such matter during the general meeting</u> may request the Company to purchase all of his/her/its shares at the then prevailing fair value.	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.
Article 80-1	A Member's request in the Article 79 and 80 shall be made in writing within 20 days from the date of the resolution of the meeting of Members, stating the purchase price. If an agreement is reached between the Member and the Company on the purchase price, the Company shall pay the price within ninety days from the date of the resolution of the meeting of Members. If the agreement is not reached, the Company shall pay the price to the Member who have not reached the agreement at a fair price as deemed by the company within 90 days from the date of the resolution. If the company fails to pay the price above, it would be deem the company has agree the purchase price requested	A Member's request in Articles 79 and 80 shall be made in writing within 20 days from the date of the resolution of the meeting of Members, stating the purchase price. If an agreement is reached between the Member and the Company on the purchase price, the Company shall pay the price within ninety days from the date of the resolution of the meeting of Members. If the agreement is not reached, the Company shall pay the fair value as deemed by the Company within 90 days from the date of the resolution for that Member's share. If the Company fails to pay the fair value within the 90 day period referenced above , it would be deemed that the Company has agreed	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.



Item	Before modification	After modification	Reasons for modification
Article 107	<p>by said shareholders</p> <p><u>If a Member requests the Company to purchase all its Shares in accordance with the reasons set out in the Article 80,</u> and the Member and the Company fail to reach an agreement on the purchase price within 60 days from the resolution of the meeting of Member, the Company shall All the shareholders who did not reach an agreement are counterparties, claiming the court to determine the price, and the Taipei District Court of Taiwan is the court of first instance.</p> <p>A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. When a company conducts an Merger, the company’s directors should explain to the board of directors and the shareholders’ meeting the important content of its interest in the Merger transaction itself and the reasons for or against the resolution. Where the spouse, a blood relative within the second degree of kinship of</p>	<p>to the purchase price requested by said Members.</p> <p><u>Where a Member objects by voting or has forfeited his/her/its right to vote on such matter during the general meeting, such Member may request that the Company purchase all its Shares in accordance with the reasons set out in Article 80,</u> and if the Member and the Company fail to reach an agreement on the purchase price within 60 days from the resolution of the general meeting, the Company shall file a motion to request the court determine the fair value of the Shares against all the Members who did not reach an agreement as the counterparty, the Taipei District Court of Taiwan shall make the fair value determination in the first instance. <u>The Share held by a Member who forfeited his/her/its right to vote in the preceding paragraph shall not be counted in determining the number of votes of the Members present at a general meeting.</u></p> <p>A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. When the Company conducts a Merger, the Company’s Directors with personal interests in the Merger (with directly or indirectly) should explain to the Board of Directors and the general meeting the important content of its interest in the Merger transaction itself and the reasons he/she/it is voting for or</p>	<p>Reasons for modification</p> <p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders’ Equity in the Country where A Foreign Issuer is registered which were</p>

Item	Before modification	After modification	Reasons for modification
	<p>a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.</p>	<p>against the resolution. <u>The Company shall itemize the essential contents of a Director's personal interest and the cause of approval or dissent to the resolution with respect to the Merger in the notice to convene the general meeting; the essential contents may be posted on the website designated by the competent securities authority in the ROC or designated by the Company , and the address of such website shall be indicated in the above notice.</u> Where the spouse, a blood relative within the second degree of kinship of a Director , or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.</p>	<p>regulated by Taipei Exchange.</p>

7.List of Candidates for Directors and Independent Directors



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

List of Candidates for Directors

Name	Number of Shares	Academic Qualifications	Experience	Current occupation
Sheng-Shih Chang	236,247	Juris Doctorate, National Normal Taiwan University	General Manager of Neso Technology Limited in Greater China, Pou Chen Group	Chairman of Advanced Lithium Electrochemistry Co., Ltd. Chairman of Advanced Lithium Electrochemistry (HK) Co., Ltd. Chairman of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. Director of Aleees AU Pty. Ltd. Director of Aleees US, Corp. Director of Aleees EU SARL Director of Aleees Texas, LLC Director of Aleees UK, Ltd.
Re- Yang Chu	164,800	Master of Laws, Fu Jen Catholic University Ph.D., candidate of Laws, Fu Jen Catholic University	Assistant Manager of Pricewaterhouse Coopers Senior Attorney of Pricewaterhouse Coopers Legal	Spokesperson of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. Investment Chief of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. Partner of Guo Ju Law firm
Yu-Mei Lee	0	Master of Laws, Chung Yuan Christian University	Legal manager of Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Administration Supervisor of Advanced Lithium Electrochemistry Co., Ltd.



List of Candidates for Independent Directors

Name	Number of Shares	Academic Qualifications	Experience	Current occupation
Pao-Sheng Wei	0	1. Master of International Business Administration, George Washington University, Washington DC 2. Master of Financial Management, Benjamin Franklin University, Washington DC, USA	1. Director General, Insurance Bureau, Financial Supervisory Commission 2. Chairman of KGI Bank 3. Chairman of KGI Securities Co., Ltd. 4. Chairman of Chartis Taiwan Insurance Co., Ltd. 5. Chairman of AIA Securities Co., Ltd. 6. Chairman of AIA Securities Investment Consulting Co., Ltd.	1. Independent Director of Nuvoton Technology Corp. 2. Independent Directors AINOS INC. Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd.
Neng-Chieh Shih	0	1. Ph.D., Public and International Affairs, University of Pittsburgh, USA 2. Master of Public Administration, National Chengchi University	1. Adjunct Professor, Department of Public Administration, National Chengchi University 2. Minister, Directorate-General of Personnel Administration, Executive Yuan	Professor, Department of Public Administration, National Chengchi University
Chuan-Chang Chang	0	Ph.D., Accounting & Finance, University of Lancaster, UK	1. President of Chung-Hua Institution for Economic Research 2. Vice Chairman, Financial Supervisory Commission	Professor, Department of Finance, National Central University
Chao-Chin Li	0	EMBA, National Tsing Hua University	1. General Auditor of Grand Hotel 2. Chief Financial Officer and Chief Commercial Officer of SyneuRx International (Taiwan) Corp.	1. Director of Taimide Technology Incorporation 2. Independent Director of RFD Micro Electricity Co. Ltd.

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

Category	Name	Positions in Other Companies
Director	Sheng-Shih Chang	Chairman of Advanced Lithium Electrochemistry Co., Ltd. Chairman of Advanced Lithium Electrochemistry (HK) Co., Ltd. Chairman of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. Director of Aleees AU Pty. Ltd. Director of Aleees US, Corp. Director of Aleees EU SARL Director of Aleees Texas, LLC Director of Aleees UK, Ltd.
	Re-Yang Chu	Investment Chief of Advanced Lithium Electrochemistry Co., Ltd.
	Yu-Mei Lee	Administration Supervisor of Advanced Lithium Electrochemistry Co., Ltd.
Independent Directors	Pao-Sheng Wei	Independent Director of Nuvoton Technology Corp. Independent Directors AINOS INC. Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd.
	Chao-Chin Li	Chairman of Hsin Jih Energy Co., Ltd. Chairman of Forward Power Co., Ltd. Director of in Hsin Mu Energy Co., Ltd. Director of Taimide Technology Incorporation Director of Eastern Union Interactive Corp. Independent Director of RFD Micro Electricity Co. Ltd. Supervisors of Ching Chuang Energy Co., Ltd.

## **X.Appendix**

### 1.Articles of Incorporation

**THE COMPANIES ACT (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 30, 2022)

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**THE COMPANIES ACT (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 30, 2022)

1. The name of the Company is Advanced Lithium Electrochemistry (Cayman) Co., Ltd..
2. The Registered Office shall be at the offices of Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands or at such other location as the Directors may from time to time determine.
3. Subject to the following provisions of this Memorandum, the object for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by any law of the Cayman Islands. When conducting its business, the Company shall also comply with the laws and regulations of ROC as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Act (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 Act (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 Act (as amended) and, subject to the provisions of the Companies Act (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 ACT (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 30], 2022)

**TABLE A**

The Regulations contained or incorporated in Table A in the First Schedule of the Companies Act (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 Act**" means the Companies Act (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 Act;

"**Register of Members**" means the register of members maintained in accordance with the Companies Act 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 Act, means a resolution passed in accordance with Section 60 of the Companies Act, 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 Act 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 Act.

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 and notice period for issuing new shares. 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 Act, 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 Act, 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.
  - 19-1 The Company shall not issue Shares to bearer.
  - 19-2 The Company choosing to issue no par value Shares shall not convert its shares into par value Shares.
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 Act, 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 Act, 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 Act, 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 Act, 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 Act, 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 Act.
- 26-1 Subject to the Companies Act 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 Act 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 Act, 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 Act.
31. Subject to the provisions of the Companies Act, 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 Act 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 Act.
- 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.
- 45-1. The shareholders' meeting of the company may be held by video conference or other means announced by the central competent authority.

If the shareholders' meeting is held by video conference, the shareholders who participate in the meeting by video conference shall be deemed to be present in person.

If the securities competent authority has other provisions on the conditions, operating procedures and other matters to be regulated for the adoption of video shareholders' meeting, such provisions shall prevail.

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 Act, the Company shall convene a physical shareholders meeting within the territory of 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 physical shareholders 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 holding at least 3 per cent of the paid up voting share capital of the Company for a period of one year or a longer time and such written requisition shall be deposited at the Registered Office or the Shareholders' Service Agent specifying the objects of the meeting and the reason therefor signed by the requisitionists, and if the Board of Directors does not within fifteen days from the date of the deposit of the requisition dispatch the notice of such general meeting, and for so long as the Shares are listed on the GTSM, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.
- 47-1 For so long as the Shares are listed on the GTSM, Members continuously holding fifty percent or more of the paid up voting share capital of the Company for a period of three months or a longer time may convene extraordinary general meeting. The calculation of the holding period and holding number of share capital shall be based on the holding at the time of closing register of members date.

#### **Notice of General Meetings**

48. Before the Shares are listed on the GTSM, at least seven days notice counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the general nature of that business, shall be given in the manner hereinafter provided to such persons as are, under these Articles, entitled to receive such notices from the Company. For so long as the Shares are listed on the GTSM, save as otherwise provided by the Applicable Public Company Rules, at least thirty days' notice of an annual general meeting, and at least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.

49. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at that meeting.
50. For so long as the Shares are listed on the GTSM, the Board of Directors shall at least thirty days prior to an annual general meeting or fifteen days prior to an extraordinary general meeting, make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval, matters for discussion, and election or discharge of Directors to be discussed in the general meeting, via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Board of Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials as the Board of Directors may think fit, which will be sent to or made available to all Members, save as otherwise provided by the Applicable Public Company Rules, twenty-one days prior to an annual general meeting and fifteen days prior to an extraordinary general meeting and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules. However, if the paid-up capital of the Company reaches NTD 10 billion or more at the end of the most recent fiscal year, or the total shareholding ratio of foreign capital and mainland China's capital recorded in the shareholders' register book reaches more than 30% at the general shareholders meeting in the most recent fiscal year, the above electronic documents submission shall be completed 30 days before the general shareholders meeting.
51. The following matters shall be stated in to notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:
- (a) election or discharge of Directors;
  - (b) amendments to these Articles;
  - (c) reduction of share capital;
  - (d) sapplication for the approval of ceasing its public offering in the ROC;
  - (e) dissolution, Merger, Share exchange or spin-off of the Company;
  - (f) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the

Company's business to others or regular joint operation of the Company with others;

- (g) the transfer of the whole or any material part of its business or assets;
- (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
- (i) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
- (j) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 124 hereof;
- (k) making distributions out of the statutory reserve, the premium received on the issuance of any Shares and income from endowments received by the Company to its Members in cash;
- (l) the Private Placement of any equity-type securities issued by the Company; and
- (m) the transfer of Treasury Shares to the employees under Article 32 hereof.

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

### **Quorum and Proceedings at General Meetings**

- 52. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of shares being more than an aggregate of one-half of all shares in issue present in person or by proxy and entitled to vote shall constitute a quorum for any general meeting.
- 53. If and to the extent permitted under the Companies Act, nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after the passage of such resolution. The Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.

54. Member(s) holding 1% or more of the total number of outstanding shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may propose to the Company in writing or by way of electronic transmission a proposal for discussion at an annual general meeting. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) hold(s) less than 1% of the total number of outstanding shares, (b) where the matter of such proposal may not be resolved at an annual general meeting, (c) the proposal is submitted on any day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals, or (d) the proposal contains more than 300 words or the proposing Member has proposed more than one proposal. If any of the proposals submitted by such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the Board may accept such proposal to be discussed at an annual meeting..
55. Unless otherwise expressly required by the Companies Act, 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 voting power of a Member at a general meeting may be exercised by way of a written ballot and by way of electronic transmission. 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 Act, 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 Act, 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 Act 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.
- (i) approve any Share exchange involving the exchange of some or all of the Shares of the company for some or all of the shares of another company.

70. Subject to the Companies Act, 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 or Acquisition or Share exchange, 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.

- 80-1. A Member's request in the Article 79 and 80 shall be made in writing within 20 days from the date of the resolution of the meeting of Members, stating the purchase price. If an agreement is reached between the Member and the Company on the purchase price, the Company shall pay the price within ninety days from the date of the resolution of the meeting of Members. If the agreement is not reached, the Company shall pay the price to the Member who have not reached the agreement at a fair price as deemed by the company within 90 days from the date of the resolution. If the company fails to pay the price above, it would be deem the company has agree the purchase price requested by said shareholders

If a Member requests the Company to purchase all its Shares in accordance with the reasons set out in the Article 80, and the Member and the Company fail to reach an agreement on the purchase price within 60 days from the resolution of the meeting of Member, the Company shall All the shareholders who did not reach an agreement are counterparties,claiming the court to determine the price, and the Taipei District Court of Taiwan is the court of first instance.

#### **Adjournment and Postponement of General Meeting**

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

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

## **DIRECTORS AND OFFICERS**

### **Number and Term of Office of Directors**

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

becomes ineligible for such position under the Applicable Public Company Rules.

### **Election of Directors**

89. The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 90 below. If a Member is a legal entity, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representatives, each of them may be nominated for election at a general meeting.
90. Directors shall be elected pursuant to a cumulative voting mechanism, where the number of votes exercisable by any Member shall be the same as the product of the number of shares held by such Member and the number of Directors to be elected ("**Special Ballot Votes**"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. The Directors shall adopt a candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Companies Act, the Memorandum of Association, these Articles and the Applicable Public Company Rules. For so long as the Shares are listed on the GTSM, subject to the requirement of the competent securities authority in the ROC, such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Independent Directors.
91. If the number of Independent Directors elected pursuant to Article 87 is less than three persons due to the resignation or removal of any of the Independent Directors or any other reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed or vacated, the Board of Directors shall hold, within sixty days from the date of resignation or removal of last Independent Directors, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies. If the Independent Directors domiciled in the ROC has resigned or has been removed or vacated which results in not at least one Independent Directors domiciled in the ROC, the Board of Directors shall

hold, within sixty days from the date of resignation or removal of last retiring Independent Director domiciled in the ROC, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

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

#### **Removal of Directors**

93. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. Where re-election of all Directors is adopted at a general meeting prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
94. Where a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws, regulations and/or these Articles, but not removed by a Supermajority Resolution of a general meeting, the Member(s) holding 3% or more of the total number of outstanding Shares may, within 30 days after that general meeting, institute a lawsuit in the court for a judgment to remove such Director. The Taipei District Court, ROC, may be court for this matter.
- 94-1 To the extent permitted under the laws of the Cayman Islands, Members continuously holding 1% or more of the total number of outstanding Shares for half year or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors, Taipei District Court, ROC, may be court for this matter.

#### **Directors' Remuneration and Indemnity**

95. The remuneration of the Directors may only be paid in cash. The amount of such remuneration is authorized to be decided by the Board of Directors by reference to the extent and value of the services provided for the management of the Company, the performance of the Company and the standard generally adopted by other enterprises in the same industry within the ROC and overseas, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board of Directors, any committee appointed by the Board of Directors, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to other remuneration as may be appropriate in accordance with the Companies Act, 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 Act, these Articles, Applicable Public Company Rules and any resolutions made in a general meeting, the business of the Company shall be managed by the Board of Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. All acts done by any meeting of the Board of Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were

disqualified, be as valid as if every such person had been duly elected and qualified to be a Director as the case may be.

99. Subject to Article 98 hereof, the Board of Directors may:
- (a) from time to time appoint any person, whether or not a Director to hold such office in the Company as the Board of Directors may think necessary for the administration of the Company, including but not limited to the office of president, one or more vice-presidents, treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or participation in profits or partly in one way and partly in another), and with such powers and duties as the Board of Directors may think fit. Any person so appointed by the Board of Directors may be removed by the Board of Directors. The Board of Directors may also appoint one or more of their number to the office of managing director, upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by Special Resolution resolves that his tenure of office be terminated;
  - (b) appoint a Secretary (and if need be an assistant secretary or assistant secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant secretary so appointed by the Board of Directors may be removed by the Board of Directors; and
  - (c) delegate any of their powers to committees consisting of such member or members of their body and/or any other person as they think fit; any committee so formed shall in the exercise of the powers so delegated and throughout any proceedings thereof conform to any directions that may be imposed on it by the Board of Directors.

#### **Borrowing Powers of Directors**

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

#### **Disqualification of Directors**

101. The office of Director shall be vacated, if the Director:



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

- (k) in case a director of a company whose shares are issued to the public that has transferred, during the term of office as a director, more than one half of the company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the office of director.

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

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

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

## **PROCEEDINGS OF DIRECTORS**

### **MEETINGS OF THE BOARD OF DIRECTORS**

102. The Board of Directors may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board of Directors shall be carried by the affirmative votes of a majority of the votes cast. Before the Shares are listed on the GTSM, at least five days' prior notice shall be given for any meeting of Board of Directors provided that in the case of urgent circumstances, a meeting of the Board of Directors may be convened on short notice, or be held any time after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the Shares are listed on the GTSM, at least seven days' prior notice shall be given for any meeting of the Board of Directors provided that in the case of urgent circumstances, a meeting of the Board of Directors may be convened on short notice, or be held any time after notice have been given to every Director or be convened without prior notice if all Directors agree.
103. A Director may, or the Secretary or any Officer on the requisition of a Director shall, summon a meeting of the Board of Directors in accordance with Article 102. Notice of a meeting of the Board of Directors shall be deemed to be duly given to a Director if it is sent to such Director in writing,

by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

104. Directors may participate in any meeting of the Board of Directors by video conference or other communication facilities by means of which all persons participating in the meeting can see and communicate with each other at the same time, and participation in such a meeting shall constitute presence in person at such meeting.

#### **Quorum at Meetings of the Board of Directors**

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

#### **Conflict of Interest**

107. A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. When a company conducts an Merger, the company's directors should explain to the board of directors and the shareholders' meeting the important content of its interest in the Merger transaction itself and the reasons for or against the resolution. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.
108. A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential

contents of such behaviour to the general meeting and be approved by Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.

109. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
110. Subject to these Articles, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
- 110-1 Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall

assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

#### **Chairman to Preside**

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

#### **CORPORATE RECORD**

##### **Minutes**

114. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
  - (a) all appointments of officers made by the Board of Directors;
  - (b) the names of the Directors present at each meeting of the Board of Directors; and
  - (c) all resolutions and proceedings at all general meetings, meetings of the Board of Directors, and meetings of committees formed under Article 99 hereof.

#### **DIVIDENDS, BONUS AND RESERVE**

115. If the company shows a profit for a given year, one to 10 percent of the profit shall be appropriated as employee remuneration. No more than one percent of the profit shall be appropriated as directors' remuneration. However, if the company has accumulated losses, profits shall not be appropriated until the loss has been made up. Employee remuneration shall be in the form of stock or cash. The subject for receiving the remuneration

is set out by the Board of Directors or its authorized person(s). The allocation of employee and director remuneration shall be determined by a Board of Director resolution, where two-thirds or more of the directors are present, and at least half of those present agree to the resolution. Such Board resolution shall be reported at the shareholders meeting.

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

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

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

Any remaining profit can be allocated as a dividend. The company is in the initial stages of industry development, and the corporate life cycle is in a positive growth stage. To respond to future operational expansion plans, and taking into account the dividend balance and shareholders' rights, the dividend shall be allocated to shareholders in the form of cash or newly issued stocks. This reflects shareholders apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid, in a combination of both cash and stock, or in the form of a bonus. The actual issuance ratio authorized by the Board of Directors is in accordance with the Company Act and other public company regulations. Finance, business, and management factors are considered before making the allocation. However, a dividend allocation shall not be less than 10% of the remaining profit, and the cash dividend shall not be less than 10% of the total available dividend amount.

116. The Directors may, before recommending distribution of any dividend or

bonus, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

117. Any dividend, interest or other monies payable in cash in respect of the shares may be paid by wire transfer to the Members or by cheque sent through the post to the registered address of the Member in the Register of Members.
118. In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of the shares may be paid to the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
119. Subject to any rights and restrictions for the time being attached to any class or classes of shares, all dividends shall be declared and paid according to the amounts paid on the shares.
120. The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 69 (a), Supermajority Resolution and subject to these Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash, shares or, subject to Article 120-1, wholly or partly in specie. No unpaid distribution shall bear interest as against the Company.
- 120-1 Subject to the provisions of Article 120, the Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution, subject, however to obtaining the prior consent of any Member to whom it is proposed to make a distribution in specie and a valuation of the assets for distribution from the an ROC certified public accountant, prior to the Directors fixing the value of the assets for distribution. The Directors may make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members. Without limiting the foregoing generality, the Directors

may vest any such specific assets in trustees on such terms as the Directors think fit and may issue fractional shares.

#### **ACCOUNTS AND AUDIT**

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

#### **CAPITALISATION**

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



rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the interested Members into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

#### **SHARE PREMIUM ACCOUNT**

125. The Board of Directors shall in accordance with Section 34 of the Companies Act 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 Act, out of capital.

#### **AUDIT COMMITTEE**

127. The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.
128. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for resolution:
  - (a) adoption of or amendment to an internal control system;
  - (b) assessment of the effectiveness of the internal control system;
  - (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
  - (d) any matter relating to the personal interest of the Directors;

- (e) a material asset or derivatives transaction;
- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-type securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

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

128-1. Deleted.

128-2 Before the Company convenes a board of directors to decide on a Merger or Acquisition, the audit committee shall review the fairness and reasonableness of the merger and acquisition plan and transaction, and report the results of the review to the board of directors and meeting of Members. During the deliberations of the audit committee, the independent expert shall be invited to provide opinions on the reasonableness of the share conversion ratio or the allotment of Members' cash or other property. The audit committee's deliberations and independent expert opinions shall be provided to Members at the same time as the notice of the meeting of Members is sent. The documents referred to in the preceding paragraph may be placed on the website designated by the securities authority or company, and may be made available to Members at the meeting of Members.

#### **COMPENSATION COMMITTEE**

129. The Board of Directors shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of which shall be the Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation

Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board of Directors shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.

- 129-1 The compensation to be proposed by the Compensation Committee referred in the preceding Article shall include the compensation, stock options and other incentive payments payable to Directors and Officers of the Company.

### **TENDER OFFER**

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

### **NOTICES**

131. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Members may have positively confirmed in writing for the

purpose of such service of notices. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

132. Any notice or other document, if served by (a) post, shall be deemed to have been served at the time when the letter containing the same is posted, or, (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient, (c) courier service, shall be deemed to have been served at the time when the letter containing the same is delivered to the courier service or (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail. In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

### **INFORMATION**

133. The Board of Directors shall keep at the office of its Shareholders' Service Agent in the ROC copies of the Memorandum of Association, the Articles, the minutes of every meeting of the Members, the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may request at any time, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect, transcribe and to make copies of the Memorandum of Association, the Articles and accounting books and records. The Company shall procure that the Shareholders' Service Agent in the ROC provides such Shareholder with the requested access.
- 133-1 The Board of Directors or other authorized conveners of general meetings may require the Company or its Shareholders' Service Agent in the ROC to provide it or them with a copy of the Register of Members.

### **FINANCIAL YEAR**

134. The financial year end of the Company shall be 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 Act 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.



# Regulations Governing Shareholders' Meeting

Revise History

Version	Owner	Review	Release Date	Release Explain
A	Tsai Hsing-fang	Chang Sheng-shih	120619	First Release
B	Tsai Hsing-fang	Chang Sheng-shih	130416	In order to comply with the FSC No.1020002909 notice.
C	Lee Yu-Mei	Huang An-pang	150612	In order to comply with the FSC No.1030051379 notice.
D	Huang An-pang	Chang Sheng-shih	160627	In order to comply with the current Regulations
E	Lee Yi-Ching	Chang Sheng-shih	200410	In order to comply with the Taipei Exchange No. 10900500261 notice.
F	Lee Yi-Ching	Chang Sheng-shih	211007	In order to comply with the Taipei Exchange No. 10900582661 notice.
G	Lee Yi-Ching	Chang Sheng-shih	220630	In order to comply with the Taipei Exchange No. 11100543771 notice.



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  
Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.
- 5.4 The Company shall have the notices to shareholders' meetings, blank paper for proxies, issues to be acknowledged, to be discussed, issues for election or discharge of directors and other instruction papers produced into electronic files and promulgated through the Market Observation Post System (MOPS) thirty days in advance of a regular meeting of shareholders or fifteen days in advance of a temporary (extraordinary) meeting of shareholders. The Company shall further have the 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. If the Company recorded a paid-in capital of NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the shareholders' meeting in the most recent fiscal year, it shall email the electronic file 30 days prior to the day on which the shareholders' meeting is to be held. 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.

The meeting agenda handbook and supplemental materials mentioned in the preceding paragraphs shall be made available for the shareholders to obtain and review on the day of shareholders' meeting by the Company in the following ways:

1. If the Company holds a physical shareholders' meeting, these materials shall be distributed at the shareholders' meeting.
2. When a video-assisted shareholders' meeting is held, the Company shall prepare a file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph to be distributed onsite of the shareholders' meeting, and an electronic file to be uploaded to the video conference platform.
3. When a video-assisted shareholders' meeting is held, an electronic file of the shareholders' meeting agenda handbook and the supplemental materials shall be uploaded to the video conference platform..

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, capital reduction, termination of public offering, lifting the prohibition of competition on directors, earnings transferred to common stock, capital surplus transferred to common stock, dissolution, merger, division or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act of the Company or other major issues which could not be suggested by means of occasional (extemporaneous) motions as regulated in the Articles of Incorporation shall be expressly enumerated in the subject issues of the meeting, with the main reasons stated; it shall not be suggested in the occasional (extemporaneous) motions process. The content could be displayed on websites designated by regulatory authorities of stock market of the company, and the website should be manifested in a notification.

It has been stated that the purpose of the shareholders' meeting was to re-elect directors and specify the date of inauguration. As the re-election is completed on the shareholders' meeting, such resolution of inauguration date should not be changed in the same meeting shall not in the occasional (extemporaneous) motions process.

5.7 A shareholder who holds over 1% of the total issued shares of the Company may propose to discuss it in the General Shareholders' Meeting, but for one issue only. Issues more than one covered in such discussion 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.

The shareholders shall propose to promote the company's devotion in public welfare or its social responsibility, and procedures shall be subject to the related regulation set forth in the Company Act.

5.8 The Company shall promulgate the channels to accept printed or electronic document of suggestions as well as the location and period to accept suggestions from shareholders before the date to suspend stock transfer prior to convening of a regular meeting of shareholders. The period to accept

suggestions shall not be less than ten days in minimum.

- 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.
- 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.
- If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 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.
- The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders' meeting.
- 5.16 The Company shall specify in its shareholders, solicitor and proxy agent meeting notices the time during which shareholder 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.

For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

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.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

- 5.16.1. To convene a virtual shareholders' meeting, this Corporation shall include the follow particulars in the shareholders' meeting notice:
1. How shareholders attend the virtual meeting and exercise their rights.
  2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
    - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
    - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
    - (3) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
    - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
  3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.

- 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.

In the event that a shareholders' meeting is convened by the Board of Directors, such shareholders' meeting shall be chaired by the Chairman. In the Chairman's absence or unavailability to exercise his responsibilities and powers, the Vice Chairman shall act in place. If the Company has no Vice Chairman or if the Vice Chairman is unavailable to perform the duties as well, the Chairman shall, in advance, appoint a director to act in his place. In absence of such appointment by the Chairman, one director shall be elected from among themselves to act in the place.

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

5.20 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.

5.21 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.

5.22 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.

Where a shareholders' meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall

be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

- 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 and the shares checked in on the virtual meeting platform added with the number of shares represented by the voting powers exercised in electronic means.
- 5.26 When the shareholders' meeting begins, if the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, this Company shall also declare the meeting adjourned at the virtual meeting platform. If it is still necessary to convene a shareholders' meeting, a new shareholders' meeting shall be held in accordance with the Articles of Incorporation.
- If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to the regulations in the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 5.16.
- If, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may officially announce the meeting beginning, and resubmit the tentative resolutions that have been made to the shareholders' meeting for ratification.
- 5.27 In the event that a shareholders' meeting is convened by the Board of Directors, relevant agendas (including the extempore motion or amendment of the existing agenda) should be resolved case by case. The agenda shall be fixed by the Board of Directors. The shareholders' meeting shall be duly held based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.
- 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. Attendees should be offered with adequate time to vote.

- 5.31 A present shareholder who intends to speak out shall fill out the floor note, expressly indicating highlights of the speech, shareholder account number (or participation certificate code) and name of the shareholder. The chairperson shall fix the order of speech floor.
- 5.32 A shareholder who fails to speak up after having given the floor note is deemed as having not spoken out. In case of a discrepancy between the contents of actual speech and the entry on the floor, the contents of actual speech shall be acknowledged.
- 5.33 Each shareholder shall not speak for a same issue twice, or over five minutes each time unless agreed upon by the chairperson. In the event that a shareholder speaks against requirements or goes beyond the scope of the subject issue, nevertheless, the chairperson may stop his or her speech.
- 5.34 While a present shareholder speaks up, other shareholders shall not speak to interfere with the speech unless agreed upon by the chairperson or the speaking shareholder. Otherwise the chairperson shall stop such interfering speech.
- 5.35 Where a juristic (corporate) person shareholder assigns two or more representatives to attend a shareholders' meeting, only one among them shall be appointed to speak up for a same issue.
- 5.36 After a present shareholder completes speech, the chairperson may reply in person or through a designee.
- 5.37 A decision in a shareholders' meeting shall be resolved based on the number of the represented shares.
- 5.38 In the resolving process in a shareholders' meeting, the number of shares held by shareholders who are not entitled to vote shall not be counted.
- 5.39 On an issue discussed in a shareholders' meeting, a shareholder who is likely to get involved in conflict of interests shall not participate in the voting process, nor shall he or she vote as a proxy for another shareholder.
- 5.40 The aforementioned number of shares not entitled to the voting power shall not be counted into the number of votes of present shareholders.
- 5.41 Except for the chairman being deemed appointed of a general meeting as proxy under Article 5.43 or prescribed in the Company's Articles of Incorporation, when a person is authorized by two or more shareholders simultaneously, his or her voting power shall not exceed 3% of the number of total issued shares of the Company as the voting powers. The voting power in excess, if any, shall be discarded.
- 5.42 Each share hereof is entitled to one voting power unless otherwise prescribed in the Company's 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 or video after having exercised voting power in writing or by electronic means, he or she shall withdraw the expression of the intent in a means same as the exercise of voting power in writing or by electronic means at least on two days preceding the date scheduled for the shareholders' meeting. In case of an overdue withdrawal, the voting power in writing or by electronic means shall govern. In the event that a shareholder who exercises voting power in writing or by electronic means and, meanwhile, authorizes a proxy with proxy (power of attorney) to attend the meeting, the voting power exercised by the proxy shall be acknowledged.
- 5.46 Unless otherwise provided for in the Company Act and Company's Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the present shareholders in the meeting. During the voting process, the chairperson or his or her designee 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.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be



announced immediately. When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 5.16 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

- 5.51 In the event that director(s) is(are) elected in a shareholders' meeting, the election shall be duly handled in accordance with the election regulations enacted by the Company. The election outcome shall be announced on-the-spot, including the names of those elected as directors and the numbers of votes with which they were elected.
- 5.52 The election ballots for election mentioned in the preceding paragraph shall be duly signed and tightly sealed up by the monitor before being put into careful custody and shall be archived for a minimum of one year, but shall be archived till the litigation is concluded in the event that a shareholder lodges litigation to withdraw the decision in accordance with the Company's Articles of Incorporation.
- 5.53 Minutes of shareholders' meeting shall be duly worked out, duly signed and affixed seal by the chairperson and shall be served to all shareholders within twenty days after the meeting. The minutes may be worked out and handed out in electronic means.
- 5.54 Minutes of shareholders' meeting could be key in to Market Observation Post System (MOPS) for issuing.
- 5.55 Minutes of shareholders' meeting shall bear the month, date, year, place of the meeting, the chairperson's name, the method of resolution through voting (including the weighted voting). When an election of directors is held, the number of weighted votes each candidate wins shall be publicized. The progress and highlights of the meeting and shall be archived in the Company throughout the period while the Company exists.
- If a shareholders' meeting is convened by video conference, the minutes of the meeting shall include, in addition to the information required by the preceding paragraph, the commencement and ending time of the shareholders' meeting, the method of convening the meeting, the names of the chairman and the minutes, and the way and circumstances in which the video conference platform or video participation is hindered due to natural disasters, events or other force majeure circumstance. When the Company convenes a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.
- 5.56 Regarding the method of resolution mentioned in the preceding paragraph, in the event that a decision is resolved without an objection in response to inquiry by the chairperson toward all present shareholders, the minutes shall expressly remark "The issue is unanimously resolved by all

shareholders present in the meeting without an objection in response to inquiry by the chairperson toward all present shareholders”. If using the method of balloting, the minutes shall expressly remark the method of balloting, the number of voting powers and ratio of the voting power.

5.57 On the number of shares solicited by a shareholder and the number of shares represented by proxies and in writing or by electronic means, 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.

In the event of a virtual shareholders’ meeting, this Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Company’s virtual shareholders’ meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

5.58 In the event that the decisions resolved involve major messages promulgated by law, the Company shall have the contents of such decisions transferred to the website designated by the competent authorities of the government.

5.59 The staff in charge of shareholders meeting shall bear identity certificates or an arm-band.

5.60 The chairperson may direct the discipline guards or security guards to help maintain a sound order of the shareholders’ meeting. The discipline officers or security guards shall, while maintaining the order of the meeting, wear identity certificates or arm-bands reading “discipline officers”.

5.61 In the event that loudspeaker equipment is provided for the shareholders’ meeting site, the chairperson shall stop anyone who speaks up not with the equipment provided by the Company.

5.62 In the event that a shareholder violates the regulations of the meeting and defies regulation by the chairperson, or obstructs the progress of the meeting and defies correcting order, the chairperson may order the discipline officers or security guards to dispel such shareholder out of the 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 In the event of a virtual shareholders’ meeting, this Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

5.66 When the Company convenes a virtual-only shareholders’ meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is

called to order.

5.67 In the event of a virtual shareholders' meeting, this Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations

Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

- 5.68 When convening a virtual-only shareholders' meeting, this Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online.
- 5.69 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.
- 5.70 These Regulations Governing Shareholders' Meeting and amendment hereof shall be enforcement after approved by the shareholders' meeting.

6. References:

Nil.

7. Forms concerned:

Nil.

8. Appendices:

Nil.

Operating vouchers

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

Matters needing attention

Nil.



# Procedures for Election of Directors



## **1. Objectives:**

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

## **2. Scope:**

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

## **3. Powers and responsibilities:**

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

## **4. Definitions:**

Nil.

## **5. Contents of operation:**

- 5.1 These Procedures are duly enacted in accordance with the Company's Articles of Incorporation and laws and ordinances concerned to assure that the Company's directors should be elected through fair, just and open procedures.
- 5.2 Unless otherwise prescribed in law or Articles of Incorporation, the Company's directors shall be duly elected in accordance with these Procedures.  
To review the academic qualifications, experience and the Article 30 of Company Act of the directors, the Company shall not add any other certificates, and in order to elect suitable directors, the Company shall provide the review results to shareholders.
- 5.3 The Company shall elect directors with due consideration of the overall layout. The members of the Board of Directors should possess the diversification, and shall consider the operations to develop multi-functions, including two standards as below:
  - 5.3.1 Basic condition and value: Gender, age, nationality and culture etc.
  - 5.3.2 Professional knowledge and skills: Professional background (such as legal, accounting, industry, finance, marketing or technology), professional skills and experiences among industries etc.  
The Company shall elect directors with due consideration of the overall layout and deployment of the Board of Directors. The members of the Board of Directors should possess the expertise, skills and elegance required to perform the duties. The overall capabilities are enumerated below:
    - 5.3.3 Capability in due judgement for business operation.
    - 5.3.4 Capability in accounting and financial analyses.
    - 5.3.5 Capability in business management.
    - 5.3.6 Capability in dealing with crisis.
    - 5.3.7 Expertise in industries.
    - 5.3.8 Outlook in international markets.
    - 5.3.9 Leadership.
    - 5.3.10 Capability in policymaking process.
- 5.4 The qualification requirements and election process of the Company's independent directors shall be pursuant to the requirements set forth in the Company's Articles of Incorporation and laws and ordinances concerned.

- 5.5 The Company's directors shall be duly elected through accumulated balloting system. Each share of the Company is entitled to the electing powers equivalent to the number of directors to be elected which may be used to elect one candidate or to allot to several candidates.
- 5.6 The Board of Directors shall prepare election ballots in the number equivalent to the number of directors to be elected, with entry of the weight numbers. The election ballots shall be distributed to shareholders in the shareholders' meeting. The names of the voters may be entered with the present certificate codes printed on the ballots instead.
- 5.7 Where the Company has set up independent directors in accordance with the Articles of Incorporation, both independent directors and non-independent directors shall be elected in one package. The numbers of independent directors and non-independent directors should be calculated separately based on the quota fixed in the Company's Articles of Incorporation. The candidates who win more ballots of the election powers shall be elected by order. In the event that two or more candidates win the same election powers and go beyond the specified quota, those candidates winning the same election powers shall be determined through lot-drawing process. In the event that a candidate is absent, the chairperson shall draw lot on his or her behalf.
- 5.8 Before starting of the election process, the chairperson shall designate certain numbers of monitors and tally staff out of shareholders to implement the respective duties. The ballot box shall be produced by the Board of Directors and shall be opened by the monitor to be inspected to public before the balloting process.
- 5.9 The voters shall enter onto the boxes of candidates on the ballots the names of the candidates' accounts and their account codes. If a candidate comes beyond shareholders, the voters shall enter the names and identity certificate codes of the candidates. In the event that the government or juristic (corporate) person shareholder is a candidate, the box of the account name of the candidate on the ballot may enter the name of the government or juristic (corporate) person or may enter the name of the government or juristic (corporate) person and names of representatives thereof. In case of several representatives, the names of those representatives should be respectively entered.
- 5.10 An election ballot becomes null and void if meeting any of the situations below:
- 5.10.1 Not using the election ballot produced by the Board of Directors.
- 5.10.2 Where a blank election ballot is cast into the ballot box.
- 5.10.3 Where the election ballot bears illegible wording or has been tampered with.
- 5.10.4 Where the name of the candidate filled out there is found inconsistent with the Candidates List for Directors.
- 5.10.5 Where an election ballot bears other unnecessary wording in addition to the account name (name) of the candidate.
- 5.10.6 Where the name of candidate entered is found the same as another 2 or more than 2 candidates.
- 5.10.7 Where the election ballot is not cast into the ballot box.
- 5.10.8 Where the total number of the cast election powers exceeds the total number of the election powers specified and held.
- 5.11 Upon the voting procedure is in completion, ballot box shall be opened and the Chairman shall



declare the result on spot, including the Elected Directors List and its number of voting rights. The ballot for above election shall be maintained well after ballot examiner seals and gives signatures, and for at least one year. However, for ballots with legal action taken by shareholders shall be maintained until the litigation case ends.

5.12 These Procedures, and amendment hereof, shall come into enforcement after being resolved in the shareholders' meeting on June 27, 2011.

**6. References:**

Nil.

**7. Forms concerned:**

Nil.

**8. Appendices:**

8.1 Contents of inspection

**Operating vouchers**

1. Election Ballot
2. The list of elected directors

#### 4. Stockholding of directors



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

#### Stockholding of directors

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

Position	Number of shares in the list of shareholders for book closure
All directors	236,247

Note: 1. Date of book closure April 17, 2023.

2. The company's number of shares of its paid-in capital is 70,000,000 shares in April 18, 2023.

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

##### 2. Number of shares held

Position	Name	Number of shares in the list of shareholders for book closure
Chairman	Sheng-Shih Chang,	236,247
Director	Jaime Che	-
Director	Chi Kei Ching	-
Independent director	Wei-Min Shen (Note)	-
Independent director	Hsuan Wang	-
Independent director	Yie-Yun Chang	-
Independent director	Chien-Hsiu Lee	-
Independent director	Chih-Ta Yen (Note)	-

Note : Independent Director Mr. Wei-Ming Shen resigned on April 15, 2022. Independent Director, Mr. Chih-Ta Yen took office on June 30, 2022.

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