

Stock Code: 6282



2016 Annual Meeting of  
Shareholders

Meeting Handbook

Meeting date: June 23, 2016

Meeting place: No. 159, Sec. 3, Danjin Rd., Tamsui District,  
New Taipei City, Taiwan (R.O.C.)

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**AcBel Polytech Inc.**  
**Procedure for 2016 Annual Meeting of**  
**Shareholders**

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Discussion
- IV. Report Items
- V. Ratification Items
- VI. Discussion
- VII. Ad Hoc Motions
- VIII. Adjournment

# AcBel Polytech Inc.

## Agenda of 2016 Annual Meeting of Shareholders

Time: June 23, 2016 (Thursday), 9:00 AM

Place: No. 159, Sec. 3, Danjin Rd., Tamsui Dist., New Taipei City

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Discussion
  - (1) Proposal of Amendment to “Articles of Incorporation” for Resolution.
- IV. Report Items
  - (1) Facts about distribution of remuneration to employees and remuneration to directors and supervisors in Fiscal Year 2015.
  - (2) Business report of Fiscal Year 2015 and operating prospect of Fiscal Year 2016.
  - (3) Supervisor’s review of 2015 financial statements.
  - (4) Implementation of repurchase of the Company’s shares.
- V. Ratification Items
  - (1) 2015 financial statements proposed for ratification.
  - (2) 2015 earnings distribution proposed for ratification.
- VI. Discussion
  - (2) The proposal to use the capital reserve to distribute cash dividend is being posed for resolution.
  - (3) The proposal to amend the “Operational Procedures for Loaning Funds to Others” is being posed for resolution.
  - (4) Proposal of Release of the Prohibition on Directors from Participation in Competitive Business for Resolution.
- VII. Ad Hoc Motions
- VIII. Adjournment

# Discussion

# Discussion 1

Proposed by the Board

Subject: Amendment to “Articles of Incorporation” is proposed for resolution.

Explanation: 1. In response to the amendment of the Company Act and business requirement, it is proposed to amend the “Articles of Incorporation”.

2. A comparison table of amended articles of “Articles of Incorporation” is attached for resolution (refer to pages 4 ~5.)

Resolution:

## AcBel Polytech Inc.

### Comparison Table of Amended Articles of Articles of Incorporation

Article number	Original article	Amended article	Explanation
Article 2	<p>Business items operated by the Company are as follows: 1~38 (Omitted)</p> <p>39. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Business items operated by the Company are as follows: 1~38 (Omitted)</p> <p>39. JE01010 Rental and Leasing Business</p> <p>40. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<ol style="list-style-type: none"> <li>1. An increase of JE01010 Rental and Leasing Business in coordination with the need of the Company's business operation.</li> <li>2. The sequence of business items is changed.</li> </ol>
Article 26	<p><u>If the Company has earnings upon final accounts in each year, income tax shall be appropriate first, deficits in previous years shall be compensated, and then ten percent shall be appropriated as legal reserve. The remainder after special earnings reserve is appropriated or rolled over by requirements of laws and regulations or the competent authority shall be distributed as follows:</u></p> <ol style="list-style-type: none"> <li>1. <u>Not less than two percent for bonuses to employees</u></li> <li>2. <u>Not more than two percent for remunerations to directors and supervisors</u></li> <li>3. <u>After the balance amount and accumulated undistributed earnings in previous years are properly retained depending on operating status, the Board of Directors shall prepare earnings distribution proposal which shall be resolved at the shareholders' meeting for distribution of bonuses to employees.</u></li> </ol> <p><u>The target of distribution of bonuses to employees stated in the preceding paragraph may include employees of the reinvested subsidiary in which the Company holds more than 50% of its shares.</u></p> <p><u>The industrial life circle of the Company is currently in a steady growth stage. In consideration of</u></p>	<p><u>Where the Company makes profit in a fiscal year, the sum 2% minimum shall be appropriated for remuneration to employees and 2% maximum shall be appropriated as remuneration to directors and supervisors.</u></p> <p><u>Where the Company has accumulated losses, nevertheless, the amount to make up losses shall be first withheld.</u></p> <p><u>The term "profit made by the Company in a year" as set forth herein denotes the profit before tax before deduction of remuneration to employees and remuneration to directors and supervisors.</u></p> <p><u>The remuneration to employees may be distributed in stocks or in cash and may be paid to such targets including the employees of companies where the Company has invested outwardly and holds over 50% of its shares.</u></p>	<p>In coordination with the amendment of Articles 235, 235-1 and 240 of the Company Act, Article 26 is duly amended, and part of the contents in the original Article 26 is adjusted into the newly added Article 26-1.</p>

Article number	Original article	Amended article	Explanation
	<p><u>future fund demand of the Company and to satisfy cash inflow demand of shareholders, if the Company has distributable earnings upon final accounts of each year, cash dividend distributed for each year may not be less than fifty percent of the sum of cash and stock dividends distributed for the year.</u></p>		
Article 26-1		<p><u>From the profits as shown through the final annual account, the sum to pay all taxes and make up previous loss, if any, shall be first withheld, then 10% shall be reserved as legal reserve unless the total accumulation of legal reserve is up to the Company's total capital. Then the sum for special reserve which shall be duly appropriated or restored according to laws or requirements by the competent authority. The final balance, if any, added with the initial unappropriated retained earnings, shall be duly distributed as bonus to shareholders after the Board of Directors reserves a certain amount as the actual business operation conditions may justify and proposes the distribution ratio to be resolved by the shareholders' meeting.</u></p> <p><u>Where the Company is amidst the growing phase, with consideration of the need of future capital need and with efforts to satisfy shareholders in their need of inflow capital, from the profits as shown through the final annual account, the sum taken to distribute cash dividend shall not be less than 50% of the aggregate total of the cash dividend and stock dividend to be distributed in the current year.</u></p>	<p>In coordination with the amendment of Articles 235, 235-1 and 240 of the Company Act, Article 26-1 is newly added.</p>
Article 31	<p>These Articles of Incorporation were formulated on June 23, 1981.</p> <p>Amended (omitted) for the first time ~ the 40<sup>th</sup> time.</p>	<p>These Articles of Incorporation were formulated on June 23, 1981.</p> <p>Amended (omitted) for the first time ~ the 40<sup>th</sup> time.</p> <p><u>Duly amended on June 23, 2016 as the 41st amendment.</u></p>	<p>Amendment date is added.</p>



# **Report Items**

# Report Item 1

Proposed by the Board

**Subject:** The proposed distribution of the remuneration to employees and remuneration to directors and supervisors for Year 2015 is duly posed for final resolution.

**Explanation:**

1. As expressly provided for in Article 26 of the Company's Articles of Incorporation after the amendment for the resolution in the shareholders' meeting in 2016, where the Company makes profit in a fiscal year, the sum 2% minimum shall be appropriated for remuneration to employees and 2% maximum shall be appropriated as remuneration to directors and supervisors. Where the Company has accumulated losses, nevertheless, the amount to make up losses shall be first withheld.
2. Pursuant to the Company's Articles of Incorporation and as officially resolved by the 6th Board of Directors meeting of Session Eighteen convened on February 24, 2016, 4%, amounting to NT\$33,217,951 in total, shall be appropriated as remuneration to employees; and 1.5% amounting to NT\$12,456,732 in total, shall be appropriated as remuneration to directors and supervisors, to be distributed in cash in all cases.

## Report Item 2

Proposed by the Board

Subject: 2015 business report and 2016 business outlook are reported for review.

Explanation: Please refer to the following page for business report.

# Business Report

Looking back over the year 2015, we underwent a slow recovery of global economy, the European debt crisis, the impact of a raise in interest rate in the United States, a decelerated growth of the Chinese economy, and the political complications in Middle East. The entire global economy grew below expectation. The International Monetary Fund (IMF) forecasted the economic growth in 2015 at 3.1%, 0.3% down from the growth rate achieved in 2014.

Looking ahead in 2016, the IMF further lowers its forecast over the global economy, from 3.6% down to 3.4%. The emerging economies led by China still face the downward risk as a result of adjustment in structure. The powerful dollars, the Syrian civil wars, the lifting of the oil ban to Iran, and the rise of ISIS would significantly affect prices of raw materials, bringing added uncertainties to the global economy in 2016. Amidst the sluggish and apathetic market demands in 2015, lots of customers procrastinated their purchase orders, leading to a decline of our sales turnover and profitability from the preceding year. Looking forward in 2016, as the global economy gradually recover and new orders are added, AcBel will use stricter attitude to accomplish its commitment to its objectives and the expectations of its shareholders. I hereby report to each shareholder the 2015 operating results and the 2016 business outlook of AcBel.

## 2015 Operating Results

AcBel's consolidated operating revenues of 2015 were \$20,836 million, a decrease of 13.5% YoY, net income after tax was \$671 million, a decrease of 39.1% YoY, and earnings per share after tax was \$1.29.

As of 2015, the PC market had undergone a continued recess for the fourth year in a row amidst the free upgrade to Windows 10, slow growth in China, robust dollars, high PC prices in Europe, and the rise of smart phones and tablet computers. In the entire global markets in 2015, the IDC shipment volume came to 276 million sets, a 10.4% decrease. Amidst such backgrounds, AcBel put forth maximum possible efforts to closely team up with previous customers to develop new products by all available means to continually boost the momentum of growth in "end" consumer products. In the aspect of "cloud", AcBel continually launched new era cloud computing, information center, power supply products oriented to storage and networking equipment and facilities, combining the cloud bridges to profoundly cultivate customer bases. Through these efforts, we shall try to maintain continued and stable growth in the industrial power supply products.

In terms of green energy resources, we already started volume production of Generation III new fuel cell products. Meanwhile, in the image display power supplies for medical equipment which we have cultivated on a prolonged period, we have already started shipment. In the area of LED lighting products, we

spared no effort to participate in the “Mercury Street Light Sunset Project for Entire Taiwan” with opportunities to win the tender for energy-conserved LED lights. In the area of smart grids, AcBel has so far been successfully awarded the tenders from the Taiwan Power Company for “Establishment of Low-Voltage Smart Meters for Penghu 2015” with a total of 1800 meters. We will successfully transform power consumption in Penghu into a “Smart Green Energy Island.” In the area of electric vehicle development, we have successfully completed a variety of electric conversion products, notably on-board chargers, DC-DC converters and EV motor drivers. In coordination with new energy planning launched in China, we have set up trial strongholds in multiple key cities. Just last year, AcBel was officially granted scientific subsidy programs from the ROC government (the electric energy managerial system for distance extension electronic UV development program). Our visionary programs have been fulfilled step-by-step. In the relevant power supply changeover programs, we got a number of international corporate giants who have taken initiative to team up with us. More encouragingly, a good number of such advanced products have been virtually installed onto the electric vehicles and are currently under the test-run process. In coordination with the latest charging device standards promulgated by China, we have put forth maximum possible efforts to develop the vehicle-drive charging devices, including notably vehicular carriage electronics, charging poles and such peripheral charging related equipment and facilities. In the days and years ahead, we shall continue to focus on such energy storage power systems. These green energy sources will represent key momentum for AcBel in promising growth and development.

## **Operation Environment and Development Strategies**

Under the circumstance of continual global economic recovery, part factors may restrict overall development, however, major international economic research institutions are still cautiously optimistic for the development in 2016. On the other hand, a shortage of labor population in China is growing each year, and various basic wages are increasing at the rate equal to approximately two decimal places, leading to the pressure of rising labor costs. It is expected that the labor demand in China is still one of the issues we must face.

“Providing total solution to be your leading edge green power partner” is always the operation guidelines followed by the Company to provide industrial sectors with energy saving products and solutions based on our design ability in power conversion for a long time. While exercising corporate social responsibility (CSR), we endeavor to give back to shareholders and to acquire recognition from the society and industrial sectors by continual innovation, promotion of operating performance and profit. For the development of products, we continually input innovative elements in “cloud” and “end” products, and toward the development of high density and high efficiency. At the same time, we are also developing fundamental equipment and platform for smart grids, with a view to apply the experiences in smart grids in every place of

the world. In addition, we are making overall arrangement for future products relating to powers for green energy, LED lighting, medical care, and electric vehicle and peripheral charging equipments, with a view to become the leading innovative company in the energy industry. Furthermore, we are also paying attention to market trend and customer status, listening to the voices of our customers and create brand value with them in order to become an indispensable business partner.

In Year 2015, AcBel had the honors of being ranked by the Taiwan Stock Exchange Corporation (TWSE) among the top 5% benchmarking enterprises in best corporate governance practice in the first term and highest A++ rating in the Information Disclosure in Session Twelve. Moreover, in the “Taiwan Sustainable Energy Report Award” under the auspices of the “Taiwan Institute for Sustainable Energy” 2015, AcBel participated in the competitions for the first time, taking “Sustainable Energy” as our key CSR focus. In such a significant event, AcBel won two grand awards, i.e., “Best Supply Management Award” and “Best Sustainable Report by Taiwan-Based Enterprise—the Electronic Information Manufacturer, Silver Award”. Furthermore, as a newly emerging CSR Enterprise, AcBel was awarded 15<sup>th</sup> Commonwealth Large-Scale Enterprise Citizen 2015. Additionally, the AcBel Polytech Tamsui Plant won the incredible full-mark in the EICC 5.0 Version Verification and, in turn, was awarded by EICC. As an encouraging result, several teammate customers have written to us, highly praising and acknowledging AcBel for its exceptional efforts in the EICC Rules.

## **2016 Business Outlook**

In recent months, economic developments in Europe, United States, and emerging markets tend to progress gradually. AcBel holds an optimistic attitude and uses strict internal operations to confront it. While facing a fast-paced global market and strong pressure from competition, AcBel still insists on starting from “innovation,” “harmony” and “transcendence,” keeping in mind the value provided by enterprises, creating differentiation edge by core competence, and systematically conceiving competition niche. At the same time, we also focus on accomplishing the objectives of dual growth of revenue and profit. Further thanks to our utmost efforts toward new energy products, AcBel is marching toward “smart green energy” in full steam.

AcBel Polytech Inc.

Chairman: Hsu Sheng-Hsiung

President: Kao Ching-Shang

Chief Accountant: Yeh Jin-Mao

## Report Item 3

Proposed by the Board

Subject: Supervisor's review report on 2015 financial statements is reported for review.

Explanation:

1. 2015 financial statements of the Company have been audited by CPA and the independent auditor's report has been issued thereon. Such financial statements, business report and earnings distribution proposal have also been reviewed by supervisors, and the review report thereon is presented.
2. The CPA is requested to read the independent auditors' report.
3. The supervisor is requested to read the review report.

## **Independent Auditors' Report**

To the Board of Directors  
Acbel Polytech Inc.:

We have audited the accompanying balance sheets of Acbel Polytech Inc. as of December 31, 2015 and 2014, and the statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014. These annual parent company only financial reports are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual parent company only financial report based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China and generally accepted auditing standards. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the annual parent company only financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual parent company only financial reports. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual parent company only financial reports. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the annual parent company only financial reports referred to above present fairly, in all material respects, the financial position of Acbel Polytech Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

February 24, 2016



## **Independent Auditors' Report**

To the Board of Directors  
Acbel Polytech, Inc.:

We have audited the accompanying consolidated balance sheets of Acbel Polytech Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the generally accepted auditing standards and the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acbel Polytech Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuer, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission R.O.C..

Acbel Polytech Inc. has prepared its annual parent company only financial reports as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified opinion.

February 24, 2016

# Supervisors' Review Report

The 2015 financial statements prepared by the Board of Directors have been audited by CPAs Wang Yi-Wen and Kuo Kuan-Ying of KPMG. The financial statements, business report and earnings distribution proposal have been reviewed by us as supervisors of the Company. We deem no inappropriateness on these documents. Therefore, this review report is presented in accordance with Article 219 of the Company Act. Please review.

To:

The 2016 Annual Meeting of Shareholders

AcBel Polytech Inc.

Supervisors:

Chiu Ping-Ho

Hsu Chieh-Li

Hu Shih-Fang

Date: February 24, 2016

## Report Item 4

Proposed by the Board

Subject: Performance in implementation of stock repurchase being reported for acknowledgement.

Explanation: Performance by the Company in repurchase of shares.

Term of repurchase	The 3 <sup>rd</sup> repurchase	The 4 <sup>th</sup> repurchase
Date when resolved in the Board of Directors	August 26, 2015	
Purpose of repurchase	Safeguarding the Company's credit standing and shareholders' equity	Transfer of shares to employees
Period of scheduled repurchase	August 27, 2015~September 26, 2015	September 27, 2015~October 26, 2015
Price of anticipated repurchase	NT\$12~NT\$20; the Company may, nevertheless, continually implement the repurchase while the Company's share price is below the lower limit of the repurchase range.	
The categories and quantities anticipated for repurchase	Common shares 30,000,000 shares	Common shares 20,000,000 shares
Period of actual repurchase	August 27, 2015~September 17, 2015	Nil
The categories and quantities actually repurchased	Common shares 13,358,000 shares	Common shares 0 share
Aggregate total of actual repurchase	NT\$237,871,302	NT\$0
Number of shares having been cancelled and transferred	13,358,000 shares	Not applicable
Accumulated quantity of the Company's shares held	0 shares	
The ratio of the accumulated quantity of the Company's shares held to the aggregate total outstanding shares (%)	0%	
The reasons why not yet completed in implementation	During the period of implementation of repurchase of the shares, the share prices become stable. In an attempt to safeguard shareholders' equity and take into account of the market mechanism as well as the effectiveness of the utilization of subsequent funds, the Company did not complete the implementation of the repurchase.	The period in implementation for repurchase was September 27, 2015~October 26, 2015. While the period of September 27 ~29 was falling in the non-working day, starting from October 1, the Company's share price was already above the maximum limit of the prices as resolved by the Board of Directors. The rate of implementation was, therefore, zero.

# **Ratification Items**

# Ratification Item 1

Proposed by the Board

Subject: 2015 financial statements are proposed for ratification.

Explanation: 1. 2015 business report and financial statements of the Company have been adopted by resolution at the meeting of the Board of Directors and have been submitted to and then have been reviewed by supervisors (earnings distribution proposal is listed in Ratification Item 2.)

2. Business report (refer to pages 8~10), financial statements (refer to pages 17~28) are proposed for ratification.

Resolution:

# ACBEL POLYTECH INC.

## Balance Sheets

**December 31, 2015 and 2014**  
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current assets:				
Cash and cash equivalents	\$ 1,598,202	10.1	179,756	1.1
Current derivative financial assets for hedging	26,709	0.2	6,409	-
Current debt instrument investment without active market	200,000	1.3	200,000	1.3
Notes receivable, net	2,196	-	114	-
Accounts receivable, net	3,181,055	19.9	3,876,244	24.1
Accounts receivable due from related parties, net	399,104	2.5	1,000,580	6.2
Other receivables	9,249	0.1	7,308	-
Inventories, net	2,215,361	14.0	2,413,392	15.0
Prepayments and other current assets	132,368	0.8	133,788	0.8
	7,764,244	48.9	7,817,591	48.5
Non-current assets :				
Non-current financial assets at cost	1,000	-	1,000	-
Non-current debt instrument investment without active market	600,000	3.8	800,000	5.0
Investments accounted for using equity method	6,184,526	39.0	6,142,881	38.1
Property, plant and equipment	1,098,143	6.9	1,138,346	7.1
Deferred tax assets	165,982	1.0	134,470	0.8
Other non-current assets	62,023	0.4	86,536	0.5
	8,111,674	51.1	8,303,233	51.5
Total assets	\$ 15,875,918	100.0	16,120,824	100.0

# ACBEL POLYTECH INC.

## Balance Sheets

**December 31, 2015 and 2014**  
(expressed in thousands of New Taiwan dollars)

Liabilities and equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
<b>Current liabilities:</b>				
Short-term borrowings	\$ -	-	100,000	0.6
Current derivative financial liabilities for hedging	27,806	0.20	6,033	-
Accounts payable	4,038,904	25.4	4,316,981	26.8
Accounts payable to related parties	1,379,481	8.7	707,954	4.4
Accrued expenses and other payables	793,305	5.0	948,970	5.9
Other current liabilities	246,968	1.5	287,404	1.8
	<u>6,486,464</u>	<u>40.8</u>	<u>6,367,342</u>	<u>39.5</u>
<b>Non-current liabilities:</b>				
Non-current provisions for employee benefits	434,154	2.8	423,965	2.6
Deferred tax liabilities	306,235	1.9	311,280	2.0
	<u>740,389</u>	<u>4.7</u>	<u>735,245</u>	<u>4.6</u>
Total liabilities	<u>7,226,853</u>	<u>45.5</u>	<u>7,102,587</u>	<u>44.1</u>
Ordinary shares	5,184,973	32.7	5,236,493	32.5
Capital surplus	1,075,353	6.8	984,453	6.1
<b>Retained earnings:</b>				
Legal reserve	763,271	4.8	653,206	4.0
Unappropriated retained earnings	1,625,256	10.2	2,001,377	12.4
	<u>2,388,527</u>	<u>15.0</u>	<u>2,654,583</u>	<u>16.4</u>
Other equity interest	212	-	142,708	0.9
Total equity	<u>8,649,065</u>	<u>54.5</u>	<u>9,018,237</u>	<u>55.9</u>
Total liabilities and equity	<u>\$ 15,875,918</u>	<u>100.0</u>	<u>16,120,824</u>	<u>100.0</u>

**ACBEL POLYTECH INC.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2015 and 2014**

**(expressed in thousands of New Taiwan dollars, except net income per share amounts)**

	2015		2014	
	Amount	%	Amount	%
Sales revenue	\$ 18,348,719	100.7	21,871,039	100.5
Less : Sales returns	100,791	0.5	106,350	0.5
Sales allowances	28,699	0.2	4,649	-
Net sales revenue	<u>18,219,229</u>	<u>100.0</u>	<u>21,760,040</u>	<u>100.0</u>
Cost of sales	<u>15,752,489</u>	<u>86.5</u>	<u>18,924,738</u>	<u>87.0</u>
Gross profit	<u>2,466,740</u>	<u>13.5</u>	<u>2,835,302</u>	<u>13.0</u>
Operating expenses:				
Selling expenses	605,299	3.3	658,174	3.0
Administrative expenses	392,622	2.1	412,211	1.9
Research and development expenses	854,884	4.7	855,753	3.9
	<u>1,852,805</u>	<u>10.1</u>	<u>1,926,138</u>	<u>8.8</u>
Net operating income	<u>613,935</u>	<u>3.4</u>	<u>909,164</u>	<u>4.2</u>
Non-operating income and expenses:				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	65,951	0.4	211,041	1.0
Interest income	25,480	0.1	44,840	0.2
Other income	4,277	-	9,712	-
Foreign exchange gains (losses), net	76,756	0.4	126,331	0.6
Gains on financial assets (liabilities) at fair value through profit or loss	2,688	-	2,174	-
Interest expenses	(4,064)	-	(12,509)	(0.1)
Miscellaneous disbursements	(249)	-	(348)	-
	<u>170,839</u>	<u>0.9</u>	<u>381,241</u>	<u>1.7</u>
Profit before tax	<u>784,774</u>	<u>4.3</u>	<u>1,290,405</u>	<u>5.9</u>
Tax expense	<u>114,001</u>	<u>0.6</u>	<u>189,748</u>	<u>0.9</u>
Profit	<u>670,773</u>	<u>3.7</u>	<u>1,100,657</u>	<u>5.0</u>
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(18,749)	(0.1)	(14,721)	(0.1)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method-not be reclassified subsequently to profit or loss	(633)	-	(478)	-
Less: income tax relating to components of other comprehensive income that may not be reclassified subsequently to profit or loss	(3,187)	-	(2,502)	-
	<u>(16,195)</u>	<u>(0.1)</u>	<u>(12,697)</u>	<u>(0.1)</u>
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	(19,878)	(0.1)	96,376	0.5
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	(3,795)	-	1,882	-
Less: Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss	(3,284)	-	6,010	-
	<u>(20,389)</u>	<u>(0.1)</u>	<u>92,248</u>	<u>0.5</u>
Other comprehensive income, net	<u>(36,584)</u>	<u>(0.2)</u>	<u>79,551</u>	<u>0.4</u>
Comprehensive income	<u>\$ 634,189</u>	<u>3.5</u>	<u>1,180,208</u>	<u>5.4</u>
Earnings per share				
Basic net income per share	<u>\$ 1.29</u>		<u>2.11</u>	
Diluted net income per share	<u>\$ 1.27</u>		<u>2.08</u>	



**ACBEL POLYTECH INC.**

**Statements of changes in equity**

**For the years ended December 31, 2015 and 2014**  
**(expressed in thousands of New Taiwan dollars)**

	Ordinary shares	Capital surplus	Retained earnings		Other equity interest			Total equity
			Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned employee benefit and others	Total other equity interest	
Balance as of January 1, 2014	\$ 5,189,943	945,475	528,389	1,974,688	42,596	-	42,596	8,681,091
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	124,817	(124,817)	-	-	-	-
Cash dividends	-	-	-	(936,454)	-	-	-	(936,454)
	-	-	124,817	(1,061,271)	-	-	-	(936,454)
Profit for the year ended December 31, 2014	-	-	-	1,100,657	-	-	-	1,100,657
Other comprehensive income for the year ended December 31, 2014	-	-	-	(12,697)	92,248	-	92,248	79,551
Comprehensive income for the year ended December 31, 2014	-	-	-	1,087,960	92,248	-	92,248	1,180,208
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3,227	-	-	7,864	-	7,864	11,091
Exercise of employee share options	46,550	35,751	-	-	-	-	-	82,301
Balance on December 31, 2014	5,236,493	984,453	653,206	2,001,377	142,708	-	142,708	9,018,237
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	110,065	(110,065)	-	-	-	-
Cash dividends	-	-	-	(840,495)	-	-	-	(840,495)
	-	-	110,065	(950,560)	-	-	-	(840,495)
Profit for the year ended December 31, 2015	-	-	-	670,773	-	-	-	670,773
Other comprehensive income for the year ended December 31, 2015	-	-	-	(16,195)	(20,389)	-	(20,389)	(36,584)
Comprehensive income for the year ended December 31, 2015	-	-	-	654,578	(20,389)	-	(20,389)	634,189
Purchase and retirement of treasury share	(133,580)	(24,152)	-	(80,139)	-	-	-	(237,871)
Exercise of employee share options	82,060	115,052	-	-	-	(122,107)	(122,107)	75,005
Balance on December 31, 2015	\$ 5,184,973	1,075,353	763,271	1,625,256	122,319	(122,107)	212	8,649,065

# ACBEL POLYTECH INC.

## Statements of Cash Flows

**For the years ended December 31, 2015 and 2014**

**(expressed in thousands of New Taiwan dollars, except net income per share amounts)**

	2015	2014
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 784,774	1,290,405
Adjustments:		
Depreciation expense	115,337	99,083
Amortization expense	20,261	29,645
Provision for bad debt expense	(1,306)	(7,332)
Interest expenses	4,064	12,509
Interest income	(25,480)	(44,840)
Compensation costs of employees stock options	29,482	6,288
Share of loss (profit) of associates and joint ventures accounted for using equity method	(65,951)	(211,041)
Loss (gain) on disposal of investment	-	(6,174)
Other	544	(1,091)
	76,951	(122,953)
Changes in operating assets and liabilities :		
Decrease (increase) in derivative financial assets for hedging	(20,300)	2,024
Decrease (increase) in notes receivable	(2,082)	603
Decrease (increase) in notes receivable due from related parties	-	4,531
Decrease (increase) in accounts receivable	696,495	655,697
Decrease (increase) in accounts receivable due from related parties	601,476	(640,060)
Decrease (increase) in other receivables	(2,113)	5,335
Decrease (increase) in inventories	198,031	(120,363)
Decrease (increase) in prepayment and other current assets	(7,930)	(18,203)
Increase (decrease) in derivative financial liabilities for hedging	21,773	(663)
Increase (decrease) in accounts payable	(278,077)	(105,303)
Increase (decrease) in accounts payable to related parties	671,527	(70,347)
Increase (decrease) in accrued expense and other current liabilities	(214,773)	25,486
Increase (decrease) in non-current provisions for employee benefits	(8,560)	(7,356)
	1,732,418	(391,572)
Cash flows from (used in) operations	2,517,192	898,833
Interest received	25,652	39,597
Income taxes refund (paid)	(101,919)	(313,981)
Net Cash flows from (used in) operating activities	2,440,925	624,449

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities:		
Proceeds from repayments of bond investment without active market	200,000	-
Acquisition of investments accounted for using equity method	-	(67,455)
Acquisition of property, plant and equipment	(89,903)	(151,393)
Proceeds from disposal of property, plant and equipment	96	28,376
Decrease (increase) in refundable deposits	(19,299)	(10,645)
Acquisition of intangible assets	(3,837)	(14,039)
Decrease (increase) in other non-current assets	27,429	(27,419)
Net cash flows from (used in) investing activities	<u>114,486</u>	<u>(242,575)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(100,000)	(198,050)
Cash dividends paid	(840,495)	(936,454)
Exercise of employee share options	45,523	76,013
Payments to acquire treasury shares	(237,871)	-
Interest paid	(4,122)	(12,483)
Net cash flows from (used in) financing activities	<u>(1,136,965)</u>	<u>(1,070,974)</u>
Net increase (decrease) in cash and cash equivalents	1,418,446	(689,100)
Cash and cash equivalents at beginning of period	<u>179,756</u>	<u>868,856</u>
Cash and cash equivalents at end of period	<u>\$ 1,598,202</u>	<u>179,756</u>

# ACBEL POLYTECH INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

**December 31, 2015 and 2014**  
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current assets:				
Cash and cash equivalents	\$ 3,144,484	19.2	2,665,388	15.3
Current financial assets at fair value through profit or loss	210,133	1.3	154,229	0.9
Current derivative financial assets for hedging	26,709	0.2	6,409	-
Current debt instrument investment without active market	200,000	1.2	200,000	1.1
Notes receivable, net	120,822	0.7	7,752	-
Accounts receivable, net	4,313,539	26.4	4,726,566	27.1
Accounts receivable due from related parties, net	442,001	2.7	1,086,176	6.2
Other receivables	45,358	0.3	52,966	0.4
Inventories, net	2,658,782	16.3	2,992,360	17.1
Prepayments and other current assets	<u>297,686</u>	<u>1.8</u>	<u>315,741</u>	<u>1.8</u>
	<u>11,459,514</u>	<u>70.1</u>	<u>12,207,587</u>	<u>69.9</u>
Non-current assets:				
Non-current financial assets at cost	62,999	0.4	62,999	0.4
Non-current debt instrument investment without active market	600,000	3.7	800,000	4.6
Investments accounted for using equity method	132,436	0.8	141,173	0.8
Property, plant and equipment	3,510,148	21.5	3,725,731	21.3
Investment property, net	25,981	0.2	26,368	0.1
Deferred tax assets	169,033	1.0	135,407	0.8
Other non-current assets	<u>387,256</u>	<u>2.3</u>	<u>359,978</u>	<u>2.1</u>
	<u>4,887,853</u>	<u>29.9</u>	<u>5,251,656</u>	<u>30.1</u>
Total assets	<u>\$ 16,347,367</u>	<u>100.0</u>	<u>17,459,243</u>	<u>100.0</u>

**ACBEL POLYTECH INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2015 and 2014**  
**(expressed in thousands of New Taiwan dollars)**

Liabilities and equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings	\$ 35,679	0.2	277,600	1.6
Current financial liabilities at fair value through profit or loss	210,133	1.3	154,229	0.9
Current derivative financial liabilities for hedging	27,806	0.2	6,033	-
Accounts payable	4,705,047	28.8	4,994,280	28.6
Accounts payable to related parties	54	-	147	-
Accrued expenses and other payables	1,276,763	7.8	1,533,614	8.8
Other current liabilities	265,577	1.6	298,090	1.7
	<u>6,521,059</u>	<u>39.9</u>	<u>7,263,993</u>	<u>41.6</u>
Non-current liabilities:				
Deferred tax liabilities	453,385	2.7	458,436	2.6
Non-current provisions for employee benefits	434,154	2.7	423,965	2.5
Other non-current liabilities	2,264	-	2,452	-
	<u>889,803</u>	<u>5.4</u>	<u>884,853</u>	<u>5.1</u>
Total liabilities	<u>7,410,862</u>	<u>45.3</u>	<u>8,148,846</u>	<u>46.7</u>
Equity attributable to owners of parent:				
Ordinary shares	<u>5,184,973</u>	<u>31.7</u>	<u>5,236,493</u>	<u>30.0</u>
Capital surplus	<u>1,075,353</u>	<u>6.6</u>	<u>984,453</u>	<u>5.6</u>
Retained earnings:				
Legal reserve	763,271	4.7	653,206	3.7
Unappropriated retained earnings	1,625,256	9.9	2,001,377	11.5
	<u>2,388,527</u>	<u>14.6</u>	<u>2,654,583</u>	<u>15.2</u>
Other equity interest	212	-	142,708	0.8
	<u>8,649,065</u>	<u>52.9</u>	<u>9,018,237</u>	<u>51.6</u>
Non-controlling interests	<u>287,440</u>	<u>1.8</u>	<u>292,160</u>	<u>1.7</u>
Total equity	<u>8,936,505</u>	<u>54.7</u>	<u>9,310,397</u>	<u>53.3</u>
Total liabilities and equity	<u>\$ 16,347,367</u>	<u>100.0</u>	<u>17,459,243</u>	<u>100.0</u>

## ACBEL POLYTECH INC. AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2015		2014	
	Amount	%	Amount	%
Sales revenue	\$ 20,967,936	100.6	24,197,985	100.5
Less : Sales returns	103,144	0.5	108,312	0.5
Sales allowances	28,699	0.1	4,859	-
Net sales revenue	<u>20,836,093</u>	100.0	<u>24,084,814</u>	100.0
Cost of sales	<u>17,681,335</u>	84.9	<u>20,488,919</u>	85.1
Gross profit	3,154,758	15.1	3,595,895	14.9
Operating expenses :				
Selling expenses	946,474	4.5	1,019,696	4.2
Administrative expenses	622,444	3.0	655,910	2.7
Research and development expenses	<u>1,017,462</u>	4.9	<u>1,015,537</u>	4.2
	<u>2,586,380</u>	12.4	<u>2,691,143</u>	11.1
Net operating income	<u>568,378</u>	2.7	<u>904,752</u>	3.8
Non-operating income and expenses:				
Interest income	104,235	0.5	198,745	0.8
Other income	11,825	0.1	95,765	0.4
Foreign exchange gains (losses), net)	79,634	0.4	134,235	0.6
Gains on financial assets (liabilities) at fair value through profit or loss	381,275	1.8	217,417	0.9
Interest expense	(7,051)	(0.1)	(15,731)	(0.1)
Miscellaneous disbursements	(4,264)	-	(7,764)	-
Losses on financial assets (liabilities) at fair value through profit or loss	(294,324)	(1.4)	(132,095)	(0.6)
Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>(4,942)</u>	-	<u>(7,832)</u>	-
	<u>266,388</u>	1.3	<u>482,740</u>	2.0
Profit before tax	834,766	4.0	1,387,492	5.8
Tax expense	<u>163,115</u>	0.8	<u>283,504</u>	1.2
Profit	<u>671,651</u>	3.2	<u>1,103,988</u>	4.6
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(19,382)	(0.1)	(15,374)	-
Less: income tax relating to components of other comprehensive income that may not be reclassified subsequently to profit or loss	<u>(3,187)</u>	-	<u>(2,677)</u>	-
	<u>(16,195)</u>	(0.1)	<u>(12,697)</u>	-
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	(25,476)	(0.1)	105,384	0.4
Share of other comprehensive income of associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	(3,795)	-	1,882	-
Less: income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>(3,284)</u>	-	<u>6,010</u>	-
	<u>(25,987)</u>	(0.1)	<u>101,256</u>	0.4
Other comprehensive income, net	<u>(42,182)</u>	(0.2)	<u>88,559</u>	0.4
Comprehensive income	<u>\$ 629,469</u>	<u>3.0</u>	<u>1,192,547</u>	<u>5.0</u>
Profit, attributable to:				
Owners of parent	\$ 670,773	3.2	1,100,657	4.6
Non-controlling interests	878	-	3,331	-
	<u>\$ 671,651</u>	<u>3.2</u>	<u>1,103,988</u>	<u>4.6</u>
Comprehensive income attributable to:				
Owners of parent	\$ 634,189	3.0	1,180,208	4.9
Non-controlling interests	<u>(4,720)</u>	-	<u>12,339</u>	0.1
	<u>\$ 629,469</u>	<u>3.0</u>	<u>1,192,547</u>	<u>5.0</u>
Earnings per share:				
Basic net income per share	<u>\$ 1.29</u>		<u>2.11</u>	
Diluted net income per share	<u>\$ 1.27</u>		<u>2.08</u>	

## ACBEL POLYTECH INC. AND SUBSIDIARIES

### Consolidated statements of changes in equity

**For the years ended December 31, 2015 and 2014**  
(expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent									
	Retained earnings				Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned employee benefit and others	Total other equity interest			
Balance on January 1, 2014	\$ 5,189,943	945,475	528,389	1,974,688	42,596	-	42,596	8,681,091	371,858	9,052,949
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	124,817	(124,817)	-	-	-	-	-	-
Cash dividends	-	-	-	(936,454)	-	-	-	(936,454)	-	(936,454)
	-	-	124,817	(1,061,271)	-	-	-	(936,454)	-	(936,454)
Profit for the year ended December 31, 2014	-	-	-	1,100,657	-	-	-	1,100,657	3,331	1,103,988
Other comprehensive income for the year ended December 31, 2014	-	-	-	(12,697)	92,248	-	92,248	79,551	9,008	88,559
Comprehensive income for the year ended December 31, 2014	-	-	-	1,087,960	92,248	-	92,248	1,180,208	12,339	1,192,547
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3,227	-	-	7,864	-	7,864	11,091	(92,037)	(80,946)
Exercise of employee share options	46,550	35,751	-	-	-	-	-	82,301	-	82,301
Balance on December 31, 2014	5,236,493	984,453	653,206	2,001,377	142,708	-	142,708	9,018,237	292,160	9,310,397
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	110,065	(110,065)	-	-	-	-	-	-
Cash dividends	-	-	-	(840,495)	-	-	-	(840,495)	-	(840,495)
	-	-	110,065	(950,560)	-	-	-	(840,495)	-	(840,495)
Profit for the year ended December 31, 2015	-	-	-	670,773	-	-	-	670,773	878	671,651
Other comprehensive income for the year ended December 31, 2015	-	-	-	(16,195)	(20,389)	-	(20,389)	(36,584)	(5,598)	(42,182)
Comprehensive income for the year ended December 31, 2015	-	-	-	654,578	(20,389)	-	(20,389)	634,189	(4,720)	629,469
Purchase and retirement of treasury share	(133,580)	(24,152)	-	(80,139)	-	-	-	(237,871)	-	(237,871)
Exercise of employee share options	82,060	115,052	-	-	-	(122,107)	(122,107)	75,005	-	75,005
Balance on December 31, 2015	<u>\$ 5,184,973</u>	<u>1,075,353</u>	<u>763,271</u>	<u>1,625,256</u>	<u>122,319</u>	<u>(122,107)</u>	<u>212</u>	<u>8,649,065</u>	<u>287,440</u>	<u>8,936,505</u>

## ACBEL POLYTECH INC. AND SUBSIDIARIES

### Consolidated statements of cash flows

For the years ended December 31, 2015 and 2014

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2015	2014
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 834,766	1,387,492
Adjustments:		
Depreciation expense	497,887	464,239
Amortization expense	25,961	46,320
Provision reversal of provision for bad debt expense	11,852	(5,577)
Net loss (gains) on financial assets (liabilities) at fair value through profit or loss	-	(3,955)
Interest expense	7,051	15,731
Interest income	(104,235)	(198,745)
Compensation costs of employees stock options	29,482	6,288
Share of loss (profit) of associates and joint ventures accounted for using equity method	4,942	7,832
Loss (Gain) on disposal of investment	-	(6,174)
Other	4,477	(1,701)
	477,417	324,258
Changes in operating assets and liabilities:		
Decrease (Increase) in derivative financial assets for hedging	(20,300)	10,813
Decrease (increase) in notes receivable	(113,070)	(5,953)
Decrease (increase) in notes receivable due from related parties	-	4,531
Decrease (increase) in accounts receivable	401,175	432,845
Decrease (increase) in accounts receivable due from related parties	644,175	(642,548)
Decrease (increase) in other receivables	26,440	(26,655)
Decrease (increase) in inventories	333,578	(309,972)
Decrease (increase) in prepayment and other current assets	8,690	(43,021)
Decrease (increase) in other operating assets	2,678	(900)
Increase (decrease) in derivative financial liabilities for hedging	21,773	(2,955)
Increase (decrease) in accounts payable	(289,233)	56,362
Increase (decrease) in accounts payable to related parties	(93)	27
Increase (decrease) in accrued expense and other current liabilities	(288,987)	24,838
Increase (decrease) in non-current provisions for employee benefits	(9,193)	(8,009)
	717,633	(510,597)
	1,195,050	(186,339)



	<u>2015</u>	<u>2014</u>
Cash flows from (used in) operations	2,029,816	1,201,153
Interest received	110,226	201,322
Income taxes refund (paid)	<u>(141,573)</u>	<u>(396,902)</u>
Net Cash flows from (used in) operating activities	<u>1,998,469</u>	<u>1,005,573</u>
Cash flows from (used in) investing activities:		
Proceeds from repayments of bond investment without active market	200,000	-
Acquisition of investments accounted for using equity method	-	(47,744)
Acquisition of property, plant and equipment	(341,478)	(622,010)
Proceeds from disposal of property, plant and equipment	5,257	39,386
Decrease (increase) in refundable deposits	(90,320)	(40,057)
Acquisition of intangible assets	(6,010)	(19,977)
Other	<u>14,084</u>	<u>(23,629)</u>
Net cash flows from (used in) investing activities	<u>(218,467)</u>	<u>(714,031)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(241,921)	(156,608)
Cash dividends paid	(840,495)	(936,454)
Exercise of employee share options	45,523	76,013
Payments to acquire treasury shares	(237,871)	-
Acquisition of non – controlling interests	-	(80,946)
Interest paid	(7,281)	(15,523)
Other	<u>(188)</u>	<u>455</u>
Net cash flows from (used in) financing activities	<u>(1,282,233)</u>	<u>(1,113,063)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(18,673)</u>	<u>77,419</u>
Net increase in cash and cash equivalents	479,096	(744,102)
Cash and cash equivalents at beginning of period	<u>2,665,388</u>	<u>3,409,490</u>
Cash and cash equivalents at end of period	<u>\$ 3,144,484</u>	<u>2,665,388</u>

## Ratification Item 2

Proposed by the Board

Subject: 2015 earnings distribution are proposed for ratification.

- Explanation:
1. For 2015 earnings distribution, the Board has prepared 2015 earnings distribution proposal in accordance with the Company Act and Articles of Incorporation of the Company.
  2. It is proposed that NT\$569,218,425 of bonuses to shareholders for 2015 earnings distribution will be paid in full by cash dividends, and NT\$1.1 will be distributed for each share. The cash dividend was distributed to every shareholder up to the whole number of New Taiwan Dollar (the fraction less than one New Taiwan Dollar is discarded.) The aggregate total of fraction is counted into the Company's other income.
  3. After this proposal is resolved by annual meeting of shareholders, it is proposed that the Board be authorized to determine the distribution record date, payment date and relevant affairs.
  4. As of February 15, 2016, the Company's outstanding shares entitled to distribution came to 517,471,295 shares in number. In the event that in the future upon exercise of employee stock option certificates, repurchase or withdrawal of the Company's shares, revocation of share capital or other factors which would affect the number of outstanding shares and, in turn, cause a change in the cash ratio which would call for an correction, it is proposed that the shareholders' meeting would authorize the Board of Directors with full powers.
  5. The 2015 earnings distribution proposal of the Company is attached below. Please recognize.

AcBel Polytech Inc.  
Earnings Distribution Proposal For The Year 2015  
(expressed in New Taiwan dollars)

Items	Total
Unappropriated retained earnings of previous years	1,050,816,218
Less: Other comprehensive income of 2015	(16,195,048)
Less: Retirement of treasury share	(80,138,843)
Add: Net income of 2015	670,772,870
Less: 10% Legal reserve	(67,077,287)
Retained earnings available for distribution	1,558,177,910
Distributable item:	
Less: Cash dividend to shareholders (\$1.1 per share)	(569,218,425)
Unappropriated retained earnings	988,959,485

Note: Allocation of 2015 undistributed profit shall be given priority for the above profit distribution.

Resolution:

# Discussion

## Discussion 2

Proposed by the Board

Subject: It is proposed that the capital reserve be used for distribution of cash dividend. Please resolve decision as appropriate.

- Explanation:
1. It is proposed that the Company take the Company's capital reserve NT\$206,988,518 in premium for common share issuance beyond the face amount, to distribute NT\$0.4 per share based on the number of shareholding as entered into the shareholders register as of the base (reference) date for cash dividend distribution, to the whole number of New Taiwan Dollars (the fraction below one New Taiwan Dollar shall be discarded) in accordance with Article 241 of the Company Act. The aggregate total of fractions shall be converted into the Company's other income.
  2. After the present issue is resolved in the annual meeting of shareholders, the Board of Directors is authorized with full power to fix the base (reference) date for distribution of cash dividend with capital reserve, the payday and the relevant issues.
  3. As of February 15, 2016, the Company's outstanding shares entitled to distribution came to 517,471,295 shares in number. In the event that in the future upon exercise of employee stock option certificates, repurchase or withdrawal of the Company's shares, revocation of share capital or other factors which would affect the number of outstanding shares and, in turn, cause a change in the cash ratio which would call for an correction, it is proposed that the shareholders' meeting would authorize the Board of Directors with full powers. Please resolve decision as appropriate.

Resolution:

## Discussion 3

Proposed by the Board

Subject: It is proposed that the “Operational Procedures for Loaning Funds to Others” should be amended. Please resolve decision as appropriate.

Explanation: 1. It is proposed that “Operational Procedures for Loaning Funds to Others” should be amended as instructed by the Taiwan Stock Exchange Corporation (TWSE) with Letter Tai-Cheng-Shang-I-Zi 1041802474 dated June 5, 2015.

2. Please find enclosed herewith “Operational Procedures for Loaning Funds to Others”, the contents before and after amendment in comparison (refer to page 33.) Please resolve decision as appropriate.

Resolution:

## AcBel Polytech Inc.

### Comparison Table of Amended Articles of Operational Procedures for Loaning Funds to Others

Article number	Original article	Amended article	Explanation
Article 11	<p>The subsequent follow-up control measures over the loaned amounts and procedures to deal with overdue creditor's rights</p> <p>1~2 (Omitted)</p> <p>3.A loanee shall pay back both principal and interest of the loan upon expiring date of the loan. Where a loanee fails to pay back when due, the loanee shall apply before expiry to obtain approval from the Board of Directors. The approved extension of a loan shall not exceed the maximum of six months and only one extension may be approved. In case of violation, the Company may dispose of or claim payback with the provided collateral or guarantor(s).</p>	<p>The subsequent follow-up control measures over the loaned amounts and procedures to deal with overdue creditor's rights</p> <p>1~2 (Omitted)</p> <p>3.A loanee shall pay back both principal and interest of the loan upon expiring date of the loan. Where a loanee fails to pay back when due, the loanee shall apply before expiry to obtain approval from the Board of Directors. The approved extension of a loan shall not exceed the maximum of six months and only one extension may be approved. <u>The aggregate total of the loan period after extension shall still satisfy the requirements set forth under Article 6.</u> In case of violation, the Company may dispose of or claim payback with the provided collateral or guarantor(s).</p>	Duly amended in coordination with the requirements of the competent authority.
Article 16	<p>Supplementary provisions</p> <p>These Procedures were approved by the shareholders' meeting on June 18, 2003.</p> <p>The 1<sup>st</sup>~4<sup>th</sup> Amendments (Omitted)</p>	<p>Supplementary provisions</p> <p>These Procedures were approved by the shareholders' meeting on June 18, 2003.</p> <p>The 1<sup>st</sup>~4<sup>th</sup> Amendments (Omitted)</p> <p><u>Duly amended on June 25, 2015 as the 5<sup>th</sup> amendment resolved by the Board of Directors and put into enforcement after the date June 23, 2016 when resolved by the shareholders' meeting.</u></p>	Addition of date of amendment.

## Discussion 4

Proposed by the Board

Subject: Release of the prohibition on directors of the Company from participation in competitive business is proposed for resolution.

- Explanation: 1. Directors of the Company might invest in or operate other companies engaging in same or similar business of the Company. Without undermining the interest of the Company as the precondition, it is proposed to release the prohibition on them from participation in competitive business in accordance with Article 209 of the Company Act.
2. The itemized statement of the Company's directors who concurrently serve other companies (refer to page 35.) Please resolve decision as appropriate.

Resolution:



The itemized statement of the Company's directors who concurrently serve other companies:

Position titles	Name	Names and position titles concurrently serving in other companies
Director	Shen Shih-Jung (Note)	<p><u>Chairman</u> :</p> <p>Cal Comp (Malaysia) Sdn. Bhd. 、 Cal-Comp Electronics de Mexico Co. SA de CV 、 Cal-Comp Precision (Singapore) Ltd. 、 Cal-Comp Technology (Philippines), Inc. 、 Kinpo Electronics (Philippines), Inc. 、 XYZprinting Japan, Inc. 、 Tung-WAN Kai-Bao Co., Ltd. 、 Cal-Comp Biotech Co., Ltd. 、 Cal-Comp Precision (Wujiang) Co., Ltd. 、 Cal-Comp Precision (Dongguan) Co., Ltd. 、 CastleNet Technology Inc.</p> <p><u>Vice chairman</u> :</p> <p>Cal-Comp Electronics (Thailand) Public Co., Ltd. 、 PChome (Thailand) Co., Ltd</p> <p><u>Director</u> :</p> <p>Ascendant Private Equity Investment Ltd. 、 Cal-comp Holding (Brasil) S.A 、 Cal-comp Industria De Semicondutores S.A. 、 Cal-Comp Precision (Malaysia) Sdn. Bhd. 、 Cal-Comp Precision (Thailand) Limited 、 Kingbolt International (Singapore) Pte. Ltd. 、 Kinpo International Ltd. 、 Power Station Holdings Ltd. 、 XYZprinting Netherlands, B.V. 、 XYZprinting, Inc.(Samoa) 、 XYZprinting (Thailand) Co. Ltd. 、 Compal Electronics, Inc. 、 Jipo Investment Inc. 、 Dawning Leading Technology Inc. 、 Kinpo Group Management Service Company</p> <p><u>Chairman &amp; general manager</u> :</p> <p>XYZprinting (suzhou) co., Ltd. 、 XYZprinting, Inc. 、 Cal-Comp Optical Electronics (Suzhou) Co., Ltd. 、 Cal-Comp Technology (Suzhou) Co., Ltd. 、 Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. 、 Avaplas Precision Plastics (Shanghai) Co., Ltd.</p> <p><u>Director &amp; general manager</u> :</p> <p>Cal-Comp Electronics (USA) Co., Ltd. 、 Cal-Comp USA (San Diego) Co., Ltd. 、 XYZprinting, Inc.(U.S.A) 、 Kinpo Electronics (China) Co., Ltd. 、 Kinpo Electronics, Inc. 、 Cal-Comp Electronics And communications Co., Ltd.</p> <p><u>General manager</u> :</p> <p>Cal-Comp USA (Indiana) Co., Ltd.</p>
Director	Wei Chi-Lin	Director, Yi Lung Electronic Co., Ltd.
Independent director	Hsieh Chi-Chia	Chairman of Welltop Technology Co., Ltd.; Director of KoBrite Corp.; Director of China Synthetic Rubber Corp.; Director of Asia Pacific Telecom Co., Ltd.

Note: Statutory representative of Kinpo Electronics, Inc.

# **Ad Hoc Motions**

## Ad Hoc Motions

# Appendices

## 【Appendix 1】

### AcBel Polytech Inc.

#### Rules of Procedures for Shareholders' Meeting

- Article 1 Unless otherwise provided by law, shareholders' meeting of the Company shall be held in accordance with these Rules.
- Article 2 Shareholders' meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.  
Number of attending shares shall be calculated according to attendance book or sign-in cards handed.
- Article 3 Attendance and voting at shareholders' meeting shall be calculated on basis of shares.
- Article 4 The location of shareholders' meeting shall be the Company's location or such other place that is convenient for shareholders to attend and suitable to call shareholders' meeting . The meeting shall not commence earlier than 9 AM or later than 3 PM.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the chairman of the Board shall be the chairman presiding at the meeting. If the chairman is on leave or for any reason unable to exercise the power of chairman, the vice chairman shall act in the place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the power of the chairman, the chairman shall designate one managing director to act on his behalf. If there is no managing director, the chairman shall designate one director to act as chair. If the chairman has not designated an agent, the one person shall be elected from among managing directors or directors to act on behalf of the chairman.  
If the meeting is convened by any person who is entitled to convene the meeting other than the Board, such person shall be the chairman to preside at the meeting.
- Article 6 Attorneys, certified public accountants or other relevant persons

appointed by the Company may attend shareholders' meeting.  
The staff members who take charge of shareholders' meeting shall wear identification certificates or armbands.

Article 7 The Company shall make an uninterrupted audio or video recording of the proceedings of shareholders' meeting and keep such recording for at least one year.

Article 8 The chairman shall call the meeting to order at the time scheduled for the meeting, provided, however, when 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 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Law.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Law.

Article 9 The agenda for the shareholders' meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without resolution of the shareholders' meeting.

If the shareholders' meeting is convened by any person who is entitled to convene the meeting other than the Board of Directors, the provisions of the Company Law shall apply.

Without resolution, the chairman may not announce adjournment of the meeting before completion of agenda items (including incidental motions) scheduled in the preceding two paragraphs.

After the meeting is adjourned, shareholders may not otherwise elect a chairman to continue the meeting at the original place or another venue; provided, however, if the chairman announces

adjournment in violation to these rules of procedure, one person may be elected as the chairman with consent of attending shareholders who represent a majority of votes to continue the meeting.

Article 10 Before speaking, an attending shareholder shall fill out the speaker's note, specifying therein essential points of his speech, shareholder account number (or attendance card number) and account name. The sequence of speeches shall be determined by the chairman.

An attending shareholder, who has only submitted speaker's slip but does not actually speak, shall be deemed to have not spoken. When contents of the speech does not correspond to the those specified in the speaker's note, contents of actual speech shall prevail.

Without consents of the chairman and speaking shareholder, other shareholders shall not speak or interrupt when a attending shareholder is speaking. The chairman shall stop any violation.

Article 11 Without consent of the chairman, a shareholder may not speak more than twice on the same proposal and a single speech shall not exceed 5 minutes.

If a shareholder speaks in violation to the preceding provision or beyond the scope of agenda item, the chairman may stop his speech.

Article 12 When a juristic person is appointed as a proxy to attend a shareholders' meeting, such juristic person may appoint one representative to attend the meeting.

If a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the appointed representatives may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 14 If the chairman considers that a proposal has been discussed sufficient to put it to a vote, the chairman may account the

discontinuance of discussion and call for a vote.

- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be designated by the chairman; provided that all monitoring personnel shall be shareholders.  
The voting results shall be reported on-site at the meeting and shall be made into record.
- Article 16 When a meeting is in progress, the chairman may announce a break based on time considerations.
- Article 17 Unless otherwise provided by the Company Law and Articles of Incorporation, resolution of a proposal shall be adopted by a majority of voting rights represented by attending shareholders.  
The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.
- Article 18 If there is an amendment or an alternative to a proposal, the chairman may present the amended or alternative proposal together with the original proposal and determine the sequence of their votes. If one of the proposals has been adopted, the other proposals shall be deemed vetoed and no further voting is required.
- Article 19 The chairman may direct proctors (or security personnel) to assist in maintenance of the order of the meeting. While assisting in maintenance of the order of the meeting on-site, the proctors (or security personnel) shall wear armbands bearing the word "Proctor".
- Article 20 These Rules shall be implemented after being adopted at the shareholders' meeting. The same shall apply to the amendment thereto.
- Article 21 These Rules were formulated on June 24, 1996;  
1<sup>st</sup> amendment was made on October 24, 1997;  
2<sup>nd</sup> amendment was made on June 30, 1999; and  
3<sup>rd</sup> amendment was made on June 25, 2002.



## 【Appendix 2】

# Articles of Incorporation of AcBel Polytech Inc. (Pre-amendment)

### Chapter I General Provisions

- Article 1 This Company, pursuant to the Company Law, is duly incorporated under the full name of AcBel Polytech Inc. (hereinafter referred to as the Company)
- Article 2 Business items operated by the Company are as follows:
1. CB01020 Office Machines Manufacturing
  2. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
  3. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
  4. CC01040 Lighting Facilities Manufacturing
  5. CC01060 Wired Communication Equipment and Apparatus Manufacturing
  6. CC01070 Telecommunication Equipment and Apparatus Manufacturing
  7. CC01080 Electronic Parts and Components Manufacturing
  8. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
  9. CC01110 Computers and Computing Peripheral Equipments Manufacturing
  10. CC01990 Electrical Machinery, Supplies Manufacturing
  11. E601010 Electric Appliance Construction
  12. E605010 Computing Equipments Installation Construction
  13. EZ05010 Apparatus Installation Construction
  14. F113010 Wholesale of Machinery
  15. F113020 Wholesale of Household Appliance
  16. F113030 Wholesale of Precision Instruments
  17. F113050 Wholesale of Computing and Business Machinery Equipment
  18. F113070 Wholesale of Telecom Instruments
  19. F119010 Wholesale of Electronic Materials
  20. F213010 Retail Sale of Household Appliance
  21. F213030 Retail sale of Computing and Business Machinery

	Equipment
22.F213040	Retail Sale of Precision Instruments
23.F213060	Retail Sale of Telecom Instruments
24.F213080	Retail Sale of Machinery and Equipment
25.F219010	Retail Sale of Electronic Materials
26.F401010	International Trade
27.F401021	Restrained Telecom Radio Frequency Equipments and Materials Import
28.G801010	Warehousing and Storage
29.I301010	Software Design Services
30.JZ99990	Other Services Not Elsewhere Classified
31.CE01021	Metrological Instruments Manufacturing
32.F401181	Metrological Instruments Importing
33.JA02051	Metrological Instruments Repairing
34.E701010	Telecommunications Construction
35.E701030	Restrained Telecom Radio Frequency Equipments and Materials Construction
36.CC01090	Batteries Manufacturing
37.E603090	Illumination Equipments Construction
38.IG03010	Energy Technical Services
39.ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The company may render guarantee services for fellow companies externally in line with business needs.

Article 4 The Company is headquartered in Taipei City, Taiwan, Republic of China and may have its branch offices duly established in other places inside or outside of Taiwan in accordance with the resolutions adopted in the Board of Directors.

## **Chapter II Shares**

Article 5 The capital stock of the Company shall be NT\$7,000,000,000.- divided into 700,000,000 shares at the par value of NT\$10.- per share. The shares shall be issued in lots. The unissued shares are issued by the Board of Directors in line with business needs. The capital in the preceding paragraph, includes NT\$400,000,000.- for issuance of warrant certificate, totally 40,000,000 shares in number at par value NT\$10 per share. The shares shall be issued

in lots with the authorization of the Board of Directors in line with business needs.

Article 5-1 If the subscription price of issue of the Company is lower than the price of employees' warrants certificates which is equal to the close price of ordinary shares at the date of issue, such issue shall be adopted at a Shareholders' Meeting with consents of more than two-thirds votes of attending shareholder who represent a majority of the total issued shares.

If the price of transfer to employees is lower than average price actually bought back by the company, such transfer shall be adopted at the most recent Shareholders' Meeting with consents of more than two-thirds of votes of attending shareholders who represent a majority of the total issued shares.

Article 6 The share certificate of the Company shall be hereof, the registered ones, shall be duly signed and sealed by not less three directors and endorsed by the competent authority or its authorized issuing registration agency relevant to the purpose before issuance. When the Company issues shares, the share certificates may be exempted from printing; however, Centralized Securities Depository Enterprises Organizations should be contacted for their entries.

Article 7 Shareholders of the Company shall handle share affairs, such as transferring, pledge, voidance in case of loss, succession, presentation as a gift and change in voidance for specimen seals, change in address, pursuant to "Guidelines for Handling Share Affairs of Public Listing Companies" unless otherwise stipulated in the laws and securities regulations.

### **Chapter III Shareholders' Meeting**

Article 8 The shareholders' meeting hereof is in two categories:  
1. A shareholders' meeting will be convened within six months after the closing of a fiscal year, summoned by the Board of Directors.  
2. An extraordinary shareholder's meeting may be duly convened whenever there is the Board of Directors deem necessary.

Article 9 The chairperson of the shareholders' meeting shall be duly handled according to Article 182-1 of the Company Law.

- Article 10 In the event that any shareholder is unable to attend a shareholders' meeting for some reason, she/he may submit a signed and sealed Power of Attorney prepared by the Company, stating the scope of authorized power and duly commission a proxy to attend the shareholders' meeting. The matters shall be subject to "Regulations Governing Public Listing Companies in the Use of Power of Attorney" as stipulated by the competent authorities.
- Article 11 Each shareholder has one voting power for each share, provided, however, no voting right is granted for the items as listed in Article 179 of the Company Law.
- Article 12 Unless otherwise provided by the Company Law, the quorum necessary for a Shareholders' Meeting shall be the presence of such number of Shareholders representing a majority of the total shares issued, and resolution thereat shall be decisive with a majority of all the Shareholders present.

#### **Chapter IV Directors and Supervisors**

- Article 13 There are nine directors and three supervisors in the Company. The term of office of the directors and supervisors shall be three years, whose position is resumable if re-elected for a successive term. Among the directors, number of independent directors may not be less than two in number, and the members of independent directors may not be less than one-fifth of the total number of directors. The candidate nomination system for directors and supervisors shall be adopted. Implementation to the matters concerned are all subject to the related regulations of the Company Law and Securities Exchange Law.
- Total number of shares of the Company held by all directors and supervisors may not be lower than a certain percentage of total number of outstanding shares. Such percentage of shares shall be determined in accordance with Enforcement Rules of Audit otherwise promulgated by the competent authority.
- The Company may purchase liability insurance for directors and supervisors, to protect rights and interests of all shareholders and to minimize operational risk of the Company.
- Article 14 A meeting of Board of Directors shall specify the reason therefore, and a notice thereof shall be given to each director and supervisor

seven days prior to the meeting; however, in the event of emergency, a meeting may be convened from time to time. The notice of convening a meeting of Board of Directors may be given in writing, by email or by fax. Functions of the Board of Directors are as follows:

1. Proposal of amendment to Articles of Incorporation;
2. Establishment and removal of branches;
3. Approval of budget and review of final accounts;
4. Approval of reinvestment of the Company in other enterprises;
5. Retaining and discharge of certifying CPA for the Company;
6. Appointment and dismissal of managers;
7. Decision and amendment to business guidelines;
8. Proposal of earnings distribution or deficit compensation;
9. Proposal of lien, sale, rent, pledge, mortgage or other disposal of all or significant portion of finance or business of the Company;
10. Approval of endorsement, guarantee, acceptance for other companies;
11. Proposal of important regulations and rules of the Company;
12. Proposal of buyback of shares and issuance of corporate bonds of the Company;
13. Proposal of capital increase or reduction of the Company;
14. Other functions granted by laws and regulations and shareholders' meeting.

Article 15 The directors form the Board of Directors. The Chairman of the Board of Directors shall be elected from, and by, the directors themselves, with two-thirds of the directors present and with the consent of a majority of the directors present. The Chairman of the Board of Directors shall carry out all affairs of the Company according to Laws and Regulations, resolutions of the Shareholders' Meeting and the Board of Directors.

Article 16 Resolutions at a meeting of Board of Directors shall, unless otherwise provided in the Company Law, be adopted with the consent of the majority of the directors present at the meeting attended by majority of the directors of the Company.

Article 17 Operating guidelines and other important matters of the Company shall be resolved by the Board of Directors. Except for the first meeting of each term of Board of Directors, which shall be convened by the director who received ballots representing highest votes, all

other meetings of Board of Directors shall be convened and presided by the chairman. If the chairman cannot perform his functions, the chairman shall designate one director to act in his place. If the chairman fails to make such designation, one director shall be elected from among themselves to act on behalf of the chairman.

Article 18 Directors shall attend the board meeting in person. If a director is unable to attend a board meeting for any reason, he may issue a power of attorney, specifying scope of authorization, to appoint another director as his proxy to represent him in the meeting. The aforesaid proxy shall be restricted to representing only one director.

In case a meeting of a Board of Directors is held via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19 Functions of supervisors are as follows:

- 1.To audit financial status of the Company;
- 2.To audit accounting books and documents of the Company;
- 3.To inquire about business operation;
- 4.To exercise other functions empowered by Company Law.

Article 20 In addition to their duties by law, Supervisors may attend a meeting of Board of Directors to express their opinions, but have no voting right.

Article 21 Remuneration to directors and supervisors who perform duties of the Company shall be paid disregarding whether or not the Company operates at a profit. The Board of Directors is authorized with full power to fix the rate of remuneration based on the level of their participation in the business operation, value of their contribution with reference to the general rates prevalent in the fellow companies.

## **Chapter V Managers**

Article 22 The Company has a certain number of managers, whom shall be duly appointed, discharged and paid according to Article 29 of the Company Law.

## **Chapter VI Accounting**

Article 23 The fiscal year of the Company shall be from January 1 to December 31 of each year. The annual final accounting shall be done at the end of the fiscal year.

Article 24 The Company shall, in accordance with Article 228 of the Company Law, have the following various documents and books prepared by the Board of Directors at the end of the fiscal year to the supervisors thirty day prior to the shareholder's meeting, for auditing and endorsement by the supervisor(s) and the supervisors shall submit the reports to the shareholders' annual meeting for ratification.

(1) Business Report

(2) Financial Statement

(3) Proposals of profit allocation and loss coverage

Article 25 Distribution of dividends and bonuses shall be subject to the percentage of shares held by each shareholder. If the Company has no earnings, dividends and bonuses shall not be distributed.

Article 26 If the Company has earnings upon final accounts in each year, income tax shall be appropriate first, deficits in previous years shall be compensated, and then ten percent shall be appropriated as legal reserve. The remainder after special earnings reserve is appropriated or rolled over by requirements of laws and regulations or the competent authority shall be distributed as follows:

1. Not less than two percent for bonuses to employees

2. Not more than two percent for remunerations to directors and supervisors

3. After the balance amount and accumulated undistributed earnings in previous years are properly retained depending on operating status, the Board of Directors shall prepare earnings distribution proposal which shall be resolved at the shareholders' meeting for distribution of bonuses to employees.

The target of distribution of bonuses to employees stated in the preceding paragraph may include employees of the reinvested subsidiary in which the Company holds more than 50% of its shares.

The industrial life circle of the Company is currently in a steady growth stage. In consideration of future fund demand of the Company and to satisfy cash inflow demand of shareholders, if the

Company has distributable earnings upon final accounts of each year, cash dividend distributed for each year may not be less than fifty percent of the sum of cash and stock dividends distributed for the year.

## **Chapter VII By-Laws**

- Article 27 The organizational rules and operational regulations of the Company shall be separately enacted by the resolution of the Board of Directors.
- Article 28 The total amount of investment is free of the restriction set forth in Article 13 of the Company Law which restricts the total investment not exceeding 40% of the paid in capital of the Company.
- Article 29 Any matters inadequately provided for herein shall be subject to the Company Law and other laws concerned of the Republic of China.
- Article 30 These Articles shall come into enforcement after the date of being resolved by the shareholders' meeting. The same shall apply to the amendment thereto.
- Article 31 These Articles were duly formulated on June 23, 1981;  
1<sup>st</sup> amendment was made on July 15, 1981;  
2<sup>nd</sup> amendment was made on January 20, 1983;  
3<sup>rd</sup> amendment was made on August 27, 1983;  
4<sup>th</sup> amendment was made on October 22, 1983;  
5<sup>th</sup> amendment was made on February 24, 1984;  
6<sup>th</sup> amendment was made on March 15, 1984;  
7<sup>th</sup> amendment was made on November 24, 1984;  
8<sup>th</sup> amendment was made on August 24, 1985;  
9<sup>th</sup> amendment was made on July 6, 1987;  
10<sup>th</sup> amendment was made on October 30, 1987;  
11<sup>th</sup> amendment was made on August 18, 1989;  
12<sup>th</sup> amendment was made on November 8, 1989;  
13<sup>th</sup> amendment was made on January 18, 1991;  
14<sup>th</sup> amendment was made on March 30, 1991;  
15<sup>th</sup> amendment was made on November 1, 1992;  
16<sup>th</sup> amendment was made on May 24, 1994;  
17<sup>th</sup> amendment was made on May 15, 1996;  
18<sup>th</sup> amendment was made on June 10, 1996;



19<sup>th</sup> amendment was made on June 24, 1996;  
20<sup>th</sup> amendment was made on August 16, 1996;  
21<sup>st</sup> amendment was made on October 17, 1996;  
22<sup>nd</sup> amendment was made on June 12, 1997;  
23<sup>rd</sup> amendment was made on October 24, 1997;  
24<sup>th</sup> amendment was made on April 10, 1998;  
25<sup>th</sup> amendment was made on June 2, 1998;  
26<sup>th</sup> amendment was made on June 30, 1999;  
27<sup>th</sup> amendment was made on June 25, 2002;  
28<sup>th</sup> amendment was made on June 18, 2003;  
29<sup>th</sup> amendment was made on April 29, 2004;  
30<sup>th</sup> amendment was made on May 25, 2005;  
31<sup>st</sup> amendment was made on June 21, 2006;  
32<sup>nd</sup> amendment was made on June 13, 2007.  
33<sup>rd</sup> amendment was made on June 25, 2008.  
34<sup>th</sup> amendment was made on June 16, 2009;  
35<sup>th</sup> amendment was made on June 25, 2010;  
36<sup>th</sup> amendment was made on June 22, 2011;  
37<sup>th</sup> amendment was made on June 12, 2012;  
38<sup>th</sup> amendment was made on June 19, 2013;  
39<sup>th</sup> amendment was made on June 19, 2014 ; and  
40<sup>th</sup> amendment was made on June 17, 2015.

AcBel Polytech Inc.

Chairman: Hsu, Sheng-Hsiung

## 【Appendix 3】

# AcBel Polytech Inc. Operational Procedures for Loaning Funds to Others (Pre-amendment)

### Article 1 Objectives

These Procedures are duly enacted in an attempt to get sound grounds for compliance for Operational Procedures for Loaning Funds to Others.

Unless otherwise prescribed in laws and ordinances concerned, the Company's funds shall be duly loaned to others exactly in accordance with these Procedures.

### Article 2 Authority by laws

These Procedures are duly enacted in accordance with the laws and ordinances concerned.

### Article 3 Target loanees

Where the Company loans funds to others, the target loanees shall be pursuant to Article 15 of the Company Act, i.e., to be limited to those who are in business transaction with the Company or are in the need of short-term financing. The Company shall not loan funds to shareholders or any others.

The term "short-term" as set forth in the preceding Paragraph denotes one year or one business cycle if the Company's business cycle is longer than one year. The term "financing amount" as set forth herein denotes the accumulated balance of the short-term financing granted by the Company.

### Article 4 The criteria to evaluate funds loaned to others

#### 1. The funds loaned as a result of business transactions:

Where the Company loans funds to other companies as a result of business transaction, it shall be pursuant to the requirements set forth under Subparagraph 1, Paragraph 2 of Article 5.

2. The short-term financing funds, where necessary to be granted, shall be loaned only under the circumstances enumerated below:
  - (1) In case of a need for short-term financing funds where the target loanee is in relationship as the parent company or subsidiary.
  - (2) In case of a need for short-term financing funds for procurement of materials or as working capital where the target loanee is a company or firm invested by the Company recognized under equity method.

The term the parent company or subsidiary shall be identified in accordance with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Article 5 Restrictions on loaning of funds

1. Aggregate total of funds loaned:

The aggregate total of the funds loaned by the Company to others shall not exceed 40% of the Company's net worth.
2. Restrictions on loaning of funds granted to individual loanees:
  - (1) Where the loanee is a firm in business transaction with the Company, the aggregate total of the loan shall not exceed 30% of the amount of business transaction with the Company in the latest year or 120% of amount of business transaction with the Company in the past three months, whichever is the higher and shall not exceed 25% of the Company's net worth.
  - (2) Where loaning of short-term financing funds is deemed by the board of directors as necessary, the aggregate total shall not exceed 20% of the Company's net worth.
3. By and amount the foreign companies where the Company holds 100% voting powers, the funds loaned are free of the restriction of 40% of the loanee's net worth and the duration of loan shall not exceed one year or one business cycle. The limits on relevant amounts and duration shall be duly handled in accordance with the Operational Procedures for Loaning Funds to Others of the subsidiaries.

The term “net worth” as set forth herein denotes the equity attributable to owners within the ascription of the parent company, as shown through the Company’s balance sheet which has been worked out in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6 Conditions for loaning of the funds:

1. Duration of the funds loaned: The duration of the loan granted each time shall not exceed one year.
2. Method for interest accrument: To be fixed return the interest rate prevalent in the market or the acquiring costs of the funds.
3. The collateral: As necessary, the Company may request the loan applicant to provide collateral or guarantor(s).

Article 7 Procedures for loaning and handling process

1. The loan applicant shall fill up the application form and shall submit to the department in charge the credit investigation report and shall expressly remark the causes and the necessity for loaning to others. The application shall be submitted to and approved by the board of directors beforehand.
2. The appropriation and return of the loaned funds shall be handled by the Department of Finance in package. Where a loan is not paid up in full upon expiry, the Company shall demand reimbursement according to law.

Article 8 Review over the funds to be loaned

The Company shall, before loaning funds to others, prudentially evaluate whether the case is consistent with these Procedures. The department in charge shall conduct prudential review and shall submit the outcome of evaluation to the board of directors for resolution beforehand. The approval shall not be granted by an authorized person.

A loan case by and between the Company and its parent company or subsidiary or between the Company and its subsidiaries shall be submitted to and approved by the board of directors through resolution in accordance with the preceding Paragraph. The board of directors may appropriate the loan in installments or on a

circulatory basis within the duration not beyond one year and within the amount not beyond the specified limit.

The term “specified credit limit” as set forth in the preceding Paragraph shall be consistent with the requirements set forth under Paragraph 2 of Article 5. Besides, the authorized credit limit of the funds to be granted by the Company or its subsidiary to a single enterprise shall not exceed 10% of the net worth shown through loanee’s financial statements of the latest term.

Besides, where the Company has set up independent directors, before the Company loans funds to another, the Company shall take the opinions of the independent directors into adequate consideration and shall enter the opinions of the independent directors, pros or cons, into the minutes of the board of directors meeting.

The very highlights of review process mentioned above:

1. The indispensability and rationality of the funds loaned to others.
2. Credit investigation and evaluation of the risks of the target loanees.
3. Potential risks against the Company’s business operation: The impact upon the financial conditions and shareholders’ equity.
4. Whether the collateral should be acquired or evaluated.

#### Article 9 Establishment of the memorandum books and the internal audit

Where the Company loans funds, the Company shall set up the memorandum book which shall bear detailed entries of the target loanees, amounts, dates when resolved by the board of directors, date when the funds were granted and facts of prudential evaluation as required under the preceding Article.

The Company’s internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof on a quarterly basis as the minimum and shall work out documented records and submit them to the supervisors for perusal, submit and inform the independent directors. In case of a significant offense noticed, the internal auditors shall keep all supervisors and independent directors informed forthwith in writing.

Article 10 The procedures for announcement to public:

1. Criteria for announcement to public:
  - (1) Where the balance of the funds loaned by the Company and its subsidiaries exceeds 20% of the net worth as shown through the Company's financial statements of the latest term.
  - (2) Where the balance of the funds loaned by the Company and its subsidiaries to a single enterprise exceeds 10% of the net worth as shown through the Company's financial statements of the latest term.
  - (3) Where the amounts of the funds newly loaned by the Company or its subsidiaries are up to NT\$10 million or 2% of the net worth as shown through the Company's financial statements of the latest term.
2. The timeframe and procedures to conduct announcement to public:
  - (1) Where a case of the Company's fund loaned which is up to the criteria for announcement to public in accordance with various subparagraphs of Paragraph 1 of this Article, the case should be declared within two days from date of occurrence of fact.
  - (2) The term "date of occurrence of fact" as set forth in these Procedures denotes the date of execution of the Agreement, payday, date when resolved in the Board of Directors or other date which is adequate to prove the target loanee and amount of transaction, whichever is the earlier..
  - (3) The Company shall announce to public the balances of funds loaned out by the Company and its subsidiaries in the preceding month not later than the 10th day of every month.
3. Where a subsidiary of the Company is not a firm publicly listed in the Republic of China and where that subsidiary is required to announce to public Subparagraph 3, Paragraph 1 of

this Article, that announcement to public shall be conducted by the Company instead.

Article 11 The subsequent follow-up control measures for the amounts having been loaned: Procedures to manage overdue creditor's rights

1. After a loan is appropriated, the Company shall closely watch the financial conditions, business performance and relevant credit standing of the loanee and the guarantor(s). If collateral has been provided, the Company shall closely watch a potential change in the collateral value. In case of a significant change, the facts shall be reported to the chairman forthwith and countermeasures shall be taken exactly as instructed.
2. Where a loanee pays back his or her loan when due or before due date, the Company shall first calculate the interest payable. The loanee shall clear off the interest along with the principal in full before the commercial promissory note may be cancelled and returned to the loanee or before the mortgage can be cancelled.
3. When a loan case is due, the loanee shall pay back principal and interest of the loan first. In the event that the principal and interest of the loan could not be paid back in full and call for a procrastination, the loanee shall apply beforehand and the application shall be submitted to and approved by the board of directors. Each procrastination shall not exceed the maximum of six months and only the procrastination may be approved only once. In case of violation, the Company may take action aiming at the collateral or guarantor(s) provided for disposal of reimbursement.

Article 12 Penalty clauses

Where the Company's managerial officer and person-in-charge in loaning the Company's funds to others are found in contravention of these Procedures, they shall be reported for performance evaluation in accordance with the Company's Personnel Regulations and for penalty as the actual situations may justify.

Article 13 The procedures to control over subsidiaries in loaning funds to others

1. Where a subsidiary of the Company intends to loan its funds to others, the Company shall order that subsidiary to duly enact the Operational Procedures for Loaning Funds to Others in accordance with the requirements promulgated by the competent authority and to duly grant the loans exactly in accordance with the Procedures so enacted.
2. The Department of Finance shall, at beginning of every month, obtain from all subsidiaries the itemized statements of the balances of the funds loaned to others.
3. The Company's Department of Finance shall evaluate on a regular basis the subsequent follow-up control measures over the loans having been granted and their acts upon the overdue creditor's rights to make sure whether they have acted appropriately.
4. The Company's internal auditors shall duly audit all subsidiaries about their compliance with the "Operational Procedures for Loaning Funds to Others" and work audit reports. After the findings and proposals in the audit reports are submitted for accreditation, the internal auditors shall notify all the audited subsidiaries for rectification. The internal auditors shall further work out the tracking reports on a regular basis to check and verify that they have taken and completed the rectification within the specified time limit.

Article 14 Other issues concerned

1. In case of a change in circumstances where a loanee is found inconsistent with requirements or the loan amount exceeds the specified limit, the Company shall work out a rectification plan and submit it to all supervisors and complete the rectification within the specified time limit.
2. The Company shall duly evaluate the facts of funds loaned and appropriate adequate allowance for potential bad debts and shall duly disclose the relevant information and provide the supporting data to the certified public accountant(s) to implement the audit procedures as necessary.



3. Any matters not adequately provided for herein shall be subject to handling in accordance with the laws and ordinances concerned.

#### Article 15 Enforcement and amendments

These Procedures shall, after being duly resolved in the board of directors, submitted to all supervisors and to the shareholders' meeting for consent. Where a director objects and the objection is backed with records or declarations in writing, the Company shall refer the objection data to the supervisors and to the shareholders' meeting for discussion. This same provision is mutatis mutandis applicable to an event of an amendment. Where the Company has set up independent directors and where these Procedures are referred to the board of directors for discussion, the opinions of the independent directors shall be taken into adequate consideration and their opinions, either pros or cons, along with the reasons, shall be entered into the minutes of the meeting.

#### Article 16 Supplementary provisions

These Procedures were consented in the shareholders' meeting on June 18, 2003.

These Procedures were amended on March 21, 2006 as the 1st amendment, duly resolved in the Board of Directors and further resolved by the shareholders' meeting on June 21, 2006 before being put into enforcement.

These Procedures were amended on April 28, 2009 as the 2nd amendment, duly resolved in the Board of Directors and further resolved by the shareholders' meeting on June 16, 2009 before being put into enforcement.

These Procedures were amended on April 28, 2010 as the 3rd amendment, duly resolved in the Board of Directors and further resolved by the shareholders' meeting on June 25, 2010 before being put into enforcement.

These Procedures were amended on May 8, 2013 as the 4th amendment, duly resolved in the Board of Directors and further resolved by the shareholders' meeting on June 19, 2013 before being put into enforcement.

## 【Appendix 4】

### AcBel Polytech Inc. Shareholding Status of Directors and Supervisors

Basis date: April 25, 2016

Title	Name	Shares
Chairman	Hsu Sheng-Hsiung	2,637,966
Director	Kao Ching-Shang	3,558,222
Director	Kinpo Electronics Inc.	117,162,063
Director	Wei Chi-Lin	0
Director	Wan Chien-Kuo	2,791,266
Director	Chang Chiu-Lih	1,084,089
Independent director	Hsieh Chi-Chia	263,547
Independent director	Tien Hung-Mao	0
Independent director	Wang You-Chuan	0
Supervisor	Chiu Ping-Ho	480,247
Supervisor	Hu Shih-Fang	0
Supervisor	Hsu Chieh-Li	1,300,000
Total		129,277,400

Outstanding shares of the Company as of April 25, 2016 are 518,182,295 shares.

Statutory minimum shares to be held by all directors are 16,581,833 shares. As of April 25, 2016, all directors hold 127,233,606 shares (shares held by independent directors are not counted in calculation of shareholdings of directors.)

Statutory minimum shares to be held by all supervisor are 1,658,183 shares. As of April 25, 2016, all supervisors hold 1,780,247 shares.

Note: Shareholdings in this table include shares under trust with discretion reserved.