

Stock Symbol : 3686



# Danen Technology Corporation

## **Agenda Handbook for 2018 Regular Meeting of Shareholders**

Meeting Date: May 29, 2018 (Tuesday) at 09:00 am

Place: No.2, Ln. 12, Datan 3rd Rd., Guanyin Dist., Taoyuan City  
(2/F., Joint Service Center of Taoyuan High-Tech Industrial Park &  
Taoyuan Environmental Protection Park & Datan Industrial Park )

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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# Danen Technology Corporation

## Meeting Agenda for 2018 Regular Meeting of Shareholders

1. Opening announcement of the meeting
2. Chairman Opening Remarks
3. Management Report
4. Recognition Matters
5. Discussion Section
6. Questions and Motions
7. Adjournment

# Danen Technology Corporation

## Meeting Procedure for 2018 Regular Meeting of Shareholders

1. Opening announcement of the meeting
2. Chairman Opening Remarks
3. Management Report :
  - (1) 2017 Business Report
  - (2) Audit Committee's Review Report
  - (3) Amendment to the Rules of Procedure for Board Directors Meeting
4. Recognition Matters :
  - (1) Adoption of 2017 Business Report and Financial Statements
  - (2) Adoption of the Proposal for 2017 Deficit Compensation
5. Discussion Section :

None.
6. Questions and Motions
7. Adjournment

## 【Management Reports】

Report No. 1 :

Subject : 2017 Business Report

Disclosure : The 2017 Business Report, refer to agenda handbook as p. 6-10.

Report No. 2 :

Subject : Audit Committee's Review Report

Disclosure : The 2017 Audit Committee's Review Report detail disclosed, refer to agenda handbook as p. 11.

Report No. 3 :

Subject : Amendment to the Rules of Procedure for Board Directors Meeting

Disclosure : 1. In order to conform to the needs of the FSC ROC/Taiwan No. 10600271125 letter on Jul. 28, 2017 for amendments to the Rules of Procedure for Board Directors Meeting.  
2. Please refer to agenda handbook p. 12-15 for details of 「 the comparison table of amendments to the Rules of Procedure for Board Directors Meeting 」 and the Chinese version of the Handbook for details.

## 【Recognition Matters】

Case No. 1 : Proposed by the Board of Directors

Subject : Adoption of the 2017 Business Report and Financial Statements

Disclosure : 1. Danen Technology Corporation's Financial Statements were audited by accountants, Li Xiu Ling and Zhi Bing Jun of PricewaterhouseCoopers Taiwan and issued a no unqualified review report. Also Business Report and Review Report have been approved by the Board of Directors meeting on February 27, 2018 and examined by the Audit Committee.

2. The Business Report and Financial Statements, refer to agenda handbook as p. 6-10 and p. 16-23.

3. Please proceed to adopt.

Resolution :

Case No. 2 : Proposed by the Board of Directors

Subject : Adoption of Year 2017 Deficit Compensation

Disclosure : 1. 2017 net loss after tax of the Company is NT\$ 690,750,138, and the Deficit yet to be compensated is NT\$ 690,750,138. To offset the company loss via the Paid-in Capital in Excess of Par (Stated) value of NT\$ 176,418,448 in accordance with Article 239 of the Company Act. The Deficit yet to be compensated is NT\$ 514,331,690 after the offset. Please refer to the Deficit Compensation Statement attached as agenda handbook p.24.

2. This Recognition has been approved by the Board Directors meeting on February 27, 2018 and examined by the Audit Committee.

3. Danen Technology Corporation proposed not to distribute dividends due to the 2017 net loss after tax. Please proceed to adopt.

Resolution :

**【Discussion Section】**

**【Questions and Motions】**

**【Adjournment】**

Enclosure 1

Danen Technology Corporation  
2017 annual business report

To our Shareholders,

The global solar market of 2017 broke through the milestone of 100GW with 25% growth compared with 2016, which was resulted from the explosively growing of China solar market. According to the statistics of industry research institute, the 2017 global champion of grid connected photovoltaic installation volume was China by 52.83GW, the second place was US by 12GW, and the third and fourth market were India and Japan respectively. On the other hand, the domestic market of Taiwan broke through 800MW for the first time with 30% growth per year in past two years.

However, due to the better cost performance, mono c-Si products was supply in short at 1H 2017, thus the related cell and module products were also short supply while the multi c-Si products were over supply, which resulted to the market price dropped almost 15%. The demand of multi c-Si products was not recovered until Q3, since the June 30<sup>th</sup> deadline of subsidy postponed in China and thus the price of wafer gradually stabilized and recovered. Therefore, the sales revenue of the company was influenced since the market price of multi c-Si wafer dropped significantly. In response to the market situation of 2017, the company not only took selective orders and adjusted capacity utilization at the same time but also adjusted the sales strategy and combination of products flexibly according to the market conditions.

Look into 2018, the global market scale is still estimated up to 100GW by industry research institute and maintaining with growth, in which the main demand driving is still from China. Since the photovoltaic cost is lower and lower, it will drive the demand appearance in other regions. China will still be the major market, but recovering demands from Europe region, including France, Netherlands and Spain will accomplish several large-sized ground power stations continually and on-grid at 2018 Q3, which will be part of the driving forces to maintain the scale of global market reaching 100GW at 2018. Besides, the solar installation target of Taiwan is 20GW at 2025, promoted by the driving plan of policy, which will lead the installation volume with 30% growth yearly and need to reach the level of 2GW to 3GW in coming years. The growing opportunity of domestic market is large in next few years.

Overview the overall development trends of solar energy, the global solar market will continuously demonstrate the growing trend and the supply chain of domestic market



in Taiwan will also become stably with growing direction resulted from the green energy promotion of non-nuclear homes policy. Furthermore, the synergy benefits from the upstream and downstream industry chain of Taiwan may have chance to make the solar industry shape of Taiwan becomes more competitive. In response to the industry development trend, the company will carefully make the mid to long-term operating plans according to the development of industry technology with stable financial shape and flexible operating strategy, and continuously drive cost reduction and improve the quality of products to satisfy the demands of clients and make the business operation of company turn into profitable.

## 1. 2017 Operating Report

### (1) Implementation of Business Plan

Unit: NT\$ K; %

Item	2017	2016	Growth rate
Operating Revenue	948,607	1,370,986	(30.81%)
Gross Profit (loss)	(621,200)	(455,687)	(36.32%)
Operating Income (loss)	(688,071)	(534,127)	(28.82%)
Income before tax (loss)	(689,447)	(529,711)	(30.16%)
Net Income (loss)	(690,750)	(733,644)	5.85%
Total comprehensive loss	(690,750)	(733,644)	5.85%
EPS(NT\$)	(1.98)	(2.10)	5.71%

The operating revenue of 2017 was influenced by the weak demand and significant price drop of multi c-Si products at 1H 2017.

### (2) Budget implementation

The disclosure of 2017 budget implementation is not necessary since the company did not public the prediction.

### (3) Financial Status and Profitability

Unit: NT\$ K; %

Item		2017	2016
Financial Status	Ratio of liabilities to assets (%)	8.60	6.15
	Long fund to bank property and equipment (%)	137.56	137.20
Solvency	Current ratio (%)	332.29	587.67
	Quick ratio (%)	275.97	492.74

Item		2017	2016	
Profitability	Return on assets (%)	(19.21)	(16.74)	
	Return on stockholder's equity (%)	(20.76)	(18.16)	
	Issued capital ratio (%)	Operating Income	(19.68)	(15.24)
		Income before tax	(19.72)	(15.01)
	Net income percentage (%)	(72.82)	(53.51)	
	EPS(NT\$)	(1.98)	(2.10)	

#### (4) Status of research and development

In 2017, research and development teams have dedicated to new materials and new technology development process, the specific results are as follows:

- A. Process optimization for crystallization efficiency coupled with the improvement of customer's cell process, to further improve the conversion efficiency of multi-solar cell to be more than 19.6%.
- B. Optimize the power efficiency of furnace and improve the yield rate of ingot to reduce 3% power consumption and achieve the target of cost reduction, energy saving, carbon reduction, and environment friendly.
- C. Through the development of material recycle technology, enhanced the usage of recycled materials, effectively reduced manufacturing costs and maintained the commitment of quality.

## 2. Highlights of 2017 Business Operation Plan

### (1) Operating guidelines and Prospect

- A. Catch the technology development and high efficient product demand trends, stabilize and strengthen the position of product market.
- B. Strengthen the cooperation with strategic customers, control the timing of key product and technology development.
- C. Maintain a solid relationship with major raw material suppliers to ensure that no shortage of major material supply.
- D. Strengthen the industrial cooperation strategy and put in necessary resources to enhance the competitiveness of company products and market opportunity.

### (2) Number of sales forecast and its basis

Unit : mt

Product	Number of sales forecast
Multi c-Si Solar Products ( including wafers )	2,200

The number of sales forecast for the year 2017 is based on customers' demands and

market trends, meanwhile taking into consideration of supply chain price change and the sales target was finalized according to the Company's manufacturing capacity utilization plan.

(3) Sales and production policy

- A. Control the industry's highest conversion efficiency and quality of wafer technology to enhance the value to meet customer demand in high efficiency products for maintaining the market position of the products.
- B. Improve the performance of products to meet the market's high-end demand and growth. Stabilize existing strategic customer relationships, and actively expand the relationship of new potential customers.
- C. Strengthen the development of new technologies and materials' production application, and promote new generation wafer to make a further enhancement in quality and efficiency of products.

(4) Future development strategy

- A. Through optimizing production equipment and process to improve the productivity of key technology significantly in reducing the cost of production.
- B. Introduce new slicing technology for improving the productivity of wafer, and drive production cost lower aggressively.
- C. Develop manufacturing technology of new generation wafer, and improve the conversion efficiency effectively of wafer to satisfy the demand of clients.
- D. Strengthen the collaboration among different businesses, make technical cooperation with key partners of the supply chain, and actively invest in mid-long term strategic technology to grasp opportunities of future business development and value.

(5) Influence by external environment, laws & regulations and the overall business operation environment

Owing to the climate changes intensified in the major regions of the world, disaster avalanched, and the rapid growth of energy demands increased in emerging countries, the needs for traditional energy sources such as oil, natural gas and coal continues to increase and these traditional energy resources are drying up. Therefore, the search for alternative energy is absolutely the key issue of world's economic development and important industrial topics. As solar energy is an inexhaustible energy. Looking to the future, under the carbon reduction agreement reached by the Paris Climate Summit, the policy support and development of the major countries in the world continue to set policies and supports into the alternative energy industry, coupled with the promoting policy "2025 renewable energy development target" which will lead the market

expectable. Furthermore, all solar energy supply chain manufacturers actively improve product quality and reduce cost, which will be able to drive solar industry, a long-term development with great prosperity.

Finally, I would like to thank all shareholders for the support and encouragement to Danen Technology, on behalf of all my colleagues and members of the board, I would like to express the most sincere appreciations and thanks again.

Chairman	Fang, Jenn-Ming
President	Fang, Jenn-Ming
Chief Accounting manager	Wu, Yu-Yi

Enclosure 2

Audit Committee's Review Report

To 2018 Regular Meeting of Shareholders:

The 2017 Business Report, Financial Report and Proposal for Deficit Compensation prepared by the Board of Directors, of which Financial Report was audited by accountants, Li Xiu Ling and Zhi Bing Jun of PricewaterhouseCoopers Taiwan and issue a review report. Also Business Report, Financial Report and Proposal for Deficit Compensation have been examined by the Audit Committee, who prepared the report in accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and submit it for reference.

Sincerely,

The convener of the Audit Committee

Tsai Wen-Jing

Date: February 27, 2018

**Danen Technology Corporation**

The comparison table of amendments to  
the Rules of Procedure for Board Directors Meeting

After Amendment	Prior to Amendments	Explanation
<p>Article 7</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> <li>1. The Corporation's business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act., <u>and the effectiveness of the internal control system evaluation.</u></li> </ol> <p>Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>The offering, issuance, or private placement of equity-type securities.</p> <p>The appointment or discharge of a financial, accounting, or internal audit officer.</p>	<p>Article 7</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> <li>1. The Corporation's business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> </ol> <p>Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>The offering, issuance, or private placement of equity-type securities.</p> <p>The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>A donation to a related party or a major donation to a non-related party,</p>	<p>Amendments in compliance with the Rules of Procedure for Board Directors Meeting</p>

After Amendment	Prior to Amendments	Explanation
<p>A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required</p>	<p>provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph</p>	

After Amendment	Prior to Amendments	Explanation
<p>under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>With respect to a matter that, <del>under Article 14-3 of the Securities and Exchange Act,</del> must be approved by resolution at a board meeting, any and <u>all</u> independent directors of this Corporation <u>should</u> attend the meeting in person or appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, must be approved by resolution at a board meeting, any and all independent directors of this Corporation shall attend the meeting in person or appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	



After Amendment	Prior to Amendments	Explanation
<p>Article 20</p> <p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>These Rules of Procedure were made on September 3, 2008. 1st amendment was made on March 20, 2012. 2nd amendment was made on December 11, 2012. 3rd amendment was made on March 26, 2014. <u>4th amendment was made on August 9, 2017.</u></p>	<p>Article 20</p> <p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>These Rules of Procedure were made on September 3, 2008. 1st amendment was made on March 20, 2012. 2nd amendment was made on December 11, 2012. 3rd amendment was made on March 26, 2014.</p>	<p>Updated amendment date</p>

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Danen Technology Corporation

### **Opinion**

We have audited the balance sheets of Danen Technology Corporation as of December 31, 2017 and 2016, and the related statements of comprehensive income, of changes in equity and of cash flows for the year 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Danen Technology Corporation as of December 31, 2017 and 2016, and its financial performance and cash flows for the year 2017 and 2016 in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the interpretations of International Financial Reporting Standards, International Accounting Standards, as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

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

### **Key audit matters**

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

### **Impairment assessment of Property, plant and equipment**

Description and Audit Procedure: Please refer to the Chinese version of the Handbook for details.

### **Evaluation of Inventory**

Description and Audit Procedure: Please refer to the Chinese version of the Handbook for details.

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

Management is responsible for the fair presentation of the financial statements in

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

In preparing the financial statements, management is responsible for assessing the ability of Danen Technology Corporation, whether to continue business, disclosing, as applicable, matters related to the going concern accounting basis unless the managements either intend to liquidate Danen Technology Corporation or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance, including audit committee, are responsible for overseeing financial reporting process of Danen Technology Corporation.

#### **Accountant’s responsibilities for the audit of financial statements**

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

As part of an audit in accordance with ROC GAAP, we take professional judgment and maintain professional skepticism throughout the audit. We also:

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

cause the company to cease the operation, could be as a going concern.

5. Evaluate the overall presentations, structures and contents of the financial statements (including the notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those who charged with governance, including the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that were identified during the audit).

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

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

DANEN TECHNOLOGY CORPORATION  
BALANCE SHEETS  
DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	2017		2016		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 705,268	22	\$ 876,291	22
1170	Accounts receivable, net	6(3)	50,598	2	71,494	2
1200	Other receivables		3,347	-	1,134	-
1220	Current tax assets		97	-	660	-
130X	Inventories, net	6(4)	111,847	3	138,045	4
1410	Prepayments	9(2)	43,122	1	44,934	1
1479	Other current assets – others		-	-	173	-
11XX	<b>Total current assets</b>		<u>914,279</u>	<u>28</u>	<u>1,132,731</u>	<u>29</u>
<b>Non-current assets</b>						
1543	financial assets at cost	6(2)				
	- noncurrent		155,000	5	-	-
1600	Property, plant and equipment, net	6(5)	2,171,589	67	2,711,662	69
1840	Deferred tax assets	6(21)	4,616	-	5,814	-
1980	Other financial assets -	8				
	non-current		11,021	-	11,021	-
1990	Other non-current assets - others	6(6)	5,927	-	51,939	2
15XX	<b>Total non-current assets</b>		<u>2,348,153</u>	<u>72</u>	<u>2,780,436</u>	<u>71</u>
1XXX	<b>Total assets</b>		<u>\$ 3,262,432</u>	<u>100</u>	<u>\$ 3,913,167</u>	<u>100</u>

(Continued)

DANEN TECHNOLOGY CORPORATION  
BALANCE SHEETS  
DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

Liability and Shareholders' Equity	Notes	2017		2016		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term liabilities	6(7)	\$ 25,000	1	\$ -	-
2170	Accounts payable		161,724	5	86,645	2
2200	Other payables	6(8)	64,057	2	79,347	2
2320	Long-term liabilities, current portion	6(9)	22,917	1	25,000	1
2399	Other current liabilities – others		1,444	-	1,756	-
21XX	<b>Total current liabilities</b>		<u>275,142</u>	<u>9</u>	<u>192,748</u>	<u>5</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(9)	-	-	42,917	1
2570	Deferred tax liabilities	6(21)	117	-	12	-
2670	Other non-current liabilities - others	6(11)	5,237	-	4,804	-
25XX	<b>Total non-current liabilities</b>		<u>5,354</u>	<u>-</u>	<u>47,733</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>280,496</u>	<u>9</u>	<u>240,481</u>	<u>6</u>
<b>Share capital</b>						
3110	Common stock	6(12)	3,496,268	107	3,496,268	90
<b>Capital surplus</b>						
3200	Capital surplus	6(13)	176,418	5	910,062	23
<b>Retained earnings</b>						
3350	Accumulated deficit	6(14)	( 690,750 )	( 21 )	( 733,644 )	( 19 )
3XXX	<b>Total equity</b>		<u>2,981,936</u>	<u>91</u>	<u>3,672,686</u>	<u>94</u>
<b>Significant commitments and contingent events</b>						
3X2X	<b>Total liabilities and shareholders' equity</b>	9	<u>\$ 3,262,432</u>	<u>100</u>	<u>\$ 3,913,167</u>	<u>100</u>

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

DANEN TECHNOLOGY CORPORATION  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31

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

Items	Notes	2017		2016	
		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(15)	\$ 948,607	100	\$ 1,370,986	100
5000 <b>Operating costs</b>	6(4)(19)(20)	( 1,569,807)	( 166)	( 1,826,673)	( 133)
5900 <b>Gross loss from operations</b>		( 621,200)	( 66)	( 455,687)	( 33)
5950 <b>Gross loss from operations, net</b>		( 621,200)	( 66)	( 455,687)	( 33)
<b>Operating expenses</b>	6(19)(20)				
6100 Selling expenses		( 9,086)	1	( 3,330)	-
6200 General and administrative expenses		( 46,860)	( 5)	( 59,585)	( 5)
6300 Research and development expenses		( 10,925)	( 1)	( 15,525)	( 1)
6000 <b>Total operating expenses</b>		( 66,871)	( 7)	( 78,440)	( 6)
6900 <b>Operating loss</b>		( 688,071)	( 73)	( 534,127)	( 39)
<b>Non-operating income and expenses</b>					
7010 Other income	6(16)	8,135	1	9,302	-
7020 Other gains and losses	6(17)	( 7,712)	1	3,227	-
7050 Finance costs	6(18)	( 1,799)	-	( 1,659)	-
7000 <b>Total non-operating income and expenses</b>		1,376	-	4,416	-
7900 <b>Loss before income tax</b>		( 689,447)	( 73)	( 529,711)	( 39)
7950 Income tax expense	6(21)	( 1,303)	( -)	( 203,933)	( 15)
8000 <b>Loss from continuing operations</b>		( 690,750)	( 73)	( 733,644)	( 54)
8200 <b>Loss for the period</b>		( \$ 690,750)	( 73)	( \$ 733,644)	( 54)
8500 <b>Total comprehensive loss</b>		( \$ 690,750)	( 73)	( \$ 733,644)	( 54)
9750 <b>Basic loss per share</b>	6(22)	( \$ 1.98)		( \$ 2.10)	
9850 <b>Diluted loss per share</b>	6(22)	( \$ 1.98)		( \$ 2.10)	

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

DANEN TECHNOLOGY CORPORATION  
 STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
 (Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
<u>Year ended December 31, 2016</u>					
Balance at January 1, 2016		\$ 3,496,268	\$ 1,513,900	( \$ 603,838 )	\$ 4,406,330
Capital surplus used to offset accumulated deficits	6(14)	-	( 603,838 )	603,838	-
Loss for the year	6(14)	-	-	( 733,644 )	( 733,644 )
Balance at December 31, 2016		<u>\$ 3,496,268</u>	<u>\$ 910,062</u>	<u>( \$ 733,644 )</u>	<u>\$ 3,672,686</u>
<u>Year ended December 31, 2017</u>					
Balance at January 1, 2017		\$ 3,496,268	\$ 910,062	( \$ 733,644 )	\$ 3,672,686
Capital surplus used to offset accumulated deficits	6(14)	-	( 733,644 )	733,644	-
Loss for the year	6(14)	-	-	( 690,750 )	( 690,750 )
Balance at December 31, 2017		<u>\$ 3,496,268</u>	<u>\$ 176,418</u>	<u>( \$ 690,750 )</u>	<u>\$ 2,981,936</u>

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



DANEN TECHNOLOGY CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax for the year		(\$ 689,447)	(\$ 529,711)
Adjustments to reconcile loss before tax to net cash provided by operating activities			
Income and expenses			
Depreciation expense	6(19)	542,558	549,501
Amortization expense	6(19)	1,434	1,679
Provision for bad debt expense	6(3)	( 126 )	( 368 )
Interest expense	6(18)	1,799	1,626
Interest revenue	6(16)	( 4,620 )	( 5,039 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable, net		-	13,314
Accounts receivable, net		21,022	69,427
Other receivables		2,170	4,858
Inventories		26,198	32,750
Prepayments		( 1,812 )	( 32,419 )
Other current assets		( 173 )	( 173 )
Other non-current assets		44,588	60,845
Net changes in liabilities relating to operating activities			
Accounts payable		( 75,079 )	( 105,954 )
Other payables		( 10,599 )	( 19,683 )
Other current liabilities		( 312 )	( 31 )
Cash generated from operations		7,389	40,622
Cash received as interest		4,576	5,202
Interest paid		( 1,317 )	( 1,259 )
Income tax paid		( 563 )	( 56 )
Net cash provided by operating activities		<u>11,211</u>	<u>44,509</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at cost - noncurrent		155,000	-
Acquisition of property, plant and equipment	6(24)	( 7,194 )	( 12,369 )
Decrease in other financial assets		-	360
Increase in refundable deposits		10	-
Decrease in refundable deposits		-	6,181
Net cash (used in) provided by investing activities		<u>( 162,204 )</u>	<u>( 5,828 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term loans		295,000	-
Decrease in short-term loans		270,000	-
Proceeds from long-term debt		30,000	100,000
Repayments of long-term debt		( 75,000 )	( 165,416 )
Increase in guarantee deposits received		30	-
Net cash (used in) provided by financing activities		<u>( 20,030 )</u>	<u>( 65,416 )</u>
Decrease (increase) in cash and cash equivalents		( 171,023 )	( 26,735 )
Cash and cash equivalents at beginning of year		876,291	903,026
Cash and cash equivalents at end of year		<u>\$ 705,268</u>	<u>\$ 876,291</u>

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

Enclosure 5

**Danen Technology Corporation**  
**Deficit Compensation Statement**

**2017**

(Unit: NTD)

<b>Items</b>	<b>TOTAL</b>
Retained earnings of prior years	0
+ : 2016 net loss	(690, 750, 138)
Deficit yet to be compensated	(690, 750, 138)
+ : Additional paid-in capital (Excess of Par(Stated) value) offset loss	176, 418, 448
Accumulated deficit	(514, 331, 690)

Chairman :  
Fang,Jenn-Ming

President :  
Fang,Jenn-Ming

Chief Account :  
Wu,Yu-Yi

## **Danen Technology Corporation**

### **Articles of Incorporation**

#### **Chapter 1 General Provision**

Article 1 : This Company should be incorporated under the name of "Danen Technology Corporation" (hereinafter referred to as the Company) in accordance with the rules of the Company Limited by Shares in the Company Act.

Article 2 : Business Scopes of the Company are as follows:

4. CC01080 Electronic Parts and Components Manufacturing
5. F119010 Wholesale of Electronic Materials
6. F219010 Retail Sale of Electronic Materials
7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The headquarters shall, after having been incorporated in Taoyuan County, establish, revoke or remove the domestic and/or overseas branch office according to the resolutions at the Board meeting if necessary.

Article 4 : Public notices to be given by the Company pursuant to Article 28 of the Company Act through the Internet information system circulated in the Market Observation Post System.

#### **Chapter 2 Shares**

Article 5 : The authorized capital of the Company is NT\$5 billion, divided into 500 million common shares, at par value of NT\$10 per share. The Company shall retain NT\$90 million from the total capital as the issuance of employee stock warrants, and the rest of the such shares which have never been issued may be issued in installments by the Board of Directors as authorized upon the actual requirement of circumstances.

Article 6 : The total investment made by the Company shall not exceed 40 percent of the amount of its own paid-in capital as stipulated under Article 13 of the Company Act.

Article 7 : Share of the Company shall be registered, shall be affixed with the

signatures or personal seals of three or more directors of the issuing company, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof. The Company may elect not to have share certificate printed on the shares issued or may print a share certificate to cover the total amount of the shares to be issued at each time, provided that the Company shall register the shares issued with the central depository institution.

Article 8 : Transfer of shares, the entries in the shareholders' roster referred to the preceding Paragraph shall not be altered within 30 days prior to the convening date of a regular shareholders meeting, or within 15 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits. All transfers of the shares of the Company to the public will be duly suspended sixty (60) days prior to the meeting date of the regular shareholders meeting, thirty (30) days prior to the meeting date of the special shareholders meeting, and five (5) days prior to the date of distribution of dividend, bonus or other benefits.

Article 9 : After the Company issues the shares to the public, the share transaction processing may be handled by the Company pursuant to Regulations Governing the Administration of Shareholder Services of Public Companies and other laws and regulations.

Article 10 : (Deleted)

### **Chapter 3 Shareholders Meeting**

Article 11 : The two types of shareholders meetings are as follows:

- (1)The regular meeting of shareholders shall be convened within six months after the end of each fiscal year by the Board of Directors.
- (2)The special meeting of shareholders shall be convened whenever deemed necessary.

Article 12 : The shareholders meeting shall be presided by the Chairman. In case the chairman is absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also absent or unable to exercise his power and authority for any cause, the chairman shall designate one of the directors. In the

absence of such a designation, the directors shall elect from among themselves an acting chairman.

Article 13 : A shareholder may appoint a proxy to attend a shareholders meeting in his/her behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The regulations of appointing a proxy to attend a shareholders meeting shall be ruled pursuant to Article 177 of the Company Act and to the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” after the Company issues the shares to the public.

Article 14 : Except in the circumstances set forth in Article 179 of the Company Act without the voting power, a shareholder shall have one voting power in respect of each share in his/her possession.

Article 15 : Resolutions at a shareholders meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. Acting upon regulations of competent authorities, a shareholder shall exercise his/her voting power by means of electronic transmission, then a shareholder taking part in such means of electronic transmission shall be deemed to have attended the meeting in person. The relevant matters shall be governed by laws and regulations.

Article 16-1 : Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The attendance list bearing the signature of shareholders and the powers of attorney of the proxies shall be kept with the minutes.

The aforementioned record and the distribution of the minutes shall be fulfilled in accordance with the Company Act.

Article 16-2 : However, if a proposal of public issue has been revoked, the proposal shall be decided by the resolution adopted by the shareholders meeting. This shall not be amended during the

emerging period and the period of centralized trading floor or over the counter trading places.

#### **Chapter 4 Director, Audit Committee and Managerial personnel**

Article 17 : The Board of Directors of the Company shall have five to seven directors who shall be elected by the shareholders meeting from among the persons with disposing capacity. The term of office of a director shall be three years; but he/she may be eligible for re-election. In compliance with Article 192-1 of the Company Act, a candidate nomination system is adopted for election of the directors; the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The total number of the share certificates holding by all of the directors of the shares of the Company to the public, shall be governed by the authority in charge of securities affairs. The Company shall purchase the liability insurance for the directors pursuant to the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies. The Board of Directors is authorized to decide the scope of the insurance.

Article 17-1 : When the number of vacancies in the Board of Directors equals to one-third (1/3) of the total number of directors, the Board of Directors shall call a special meeting of shareholders to elect succeeding directors to fill the vacancies in the vacancy period.

Article 17-2 : The list of the directors which set by the preceding Article 17 is required to appoint independent directors, not less than two (2) in number and not less than one-fifth (1/5) of the total number of directors. Regulations governing the professional qualifications, shareholdings and restrictions on concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities affairs.

Article 18 : Meetings of the Board of Directors shall be convened by the directors. The power and authority of Board of Directors are as follows:

1. Prepare a business plan.
2. Propose profit allocation plan or the offsetting of deficit plan.

3. Propose capital increase or reduction of the Company.
4. Approve the significant articles and organizational charter.
5. Appointment and discharge of the managerial personnel.
6. Approve the addition and abolished of the branch.
7. Approve proposed budget and closing accounting.
8. Other scope of duties and power restricted by laws and given by a shareholders meeting.

Article 19 : One chairman and one vice chairman shall be elected from among the directors by a majority vote at the meeting of the Board of Directors attended by two-third (2/3) of the directors. The Chairman shall act externally as the representative of the Company.

Article 20 : Except as otherwise provided by the Company Act, the meeting of the Board of Directors shall be convened by the Chairman. The resolutions of the Board of Directors, except otherwise provided by the Company Act, shall be agreed from among the directors by a majority vote at the meeting of the Board of Directors attended by over the half of the directors. An agenda shall be arranged in advance before the Board meeting; notices shall be sent to all directors before seven (7) days. The Board meeting may be convened at any time in the event of an emergency.

A notice to convene the Board meeting in the preceding Paragraph may be effected in writing, by fax or by means of E-mail.

Article 21 : The Board of Directors shall be presided by the Chairman. In case the chairman is absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also absent or unable to exercise his power and authority for any cause, the chairman shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairman. A meeting of the board of directors shall be proceeded 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. In case a director is absent and appoints

another director to attend a meeting of the board of directors in his/her behalf, he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to one other director only.

Article 22 : In compliance with the Article 14-4 of the Securities and Exchange Act, the Company shall have the independent directors in the Audit Committee. One of the independent directors shall convene the Audit Committee, and at least one person requires qualifications of accounting or finance. Resolutions at an Audit Committee ' meeting shall be adopted by a majority vote of the directors present of the total number of voting shares. The Company established the Audit Committee according to laws and shall exercise supervisors' power pursuant to the Company Act, the Securities and Exchange Act, other laws and the articles of incorporation and other regulations.

Article 23 : The remuneration to the directors shall be determined and paid the transportation allowances in spite of profit and loss by the Board of Directors authorized to do so by reference to the common practical standards.

Article 24 : The Company may have one or more managerial personnel. Appointment , discharge and the remuneration of the managerial personnel shall be decided in accordance with the Article 29 of the Company Act.

## **Chapter 5 Accounting**

Article 25 : The Company adopts the period from 1 January each calendar year to 31 December of the same calendar year for the fiscal year. Closing for the year shall be made.

Article 26 : According to the Article 228 of the Company Act, the Board of Directors shall prepare the following statements and records and shall forward the same to Audit Committee for their auditing not later than the 30th day prior to the meeting date of a regular meeting of shareholders. The Audit Committee shall submit the various financial statements and records prepared by it to the regular meeting of shareholders for its ratification:

1. the business report;
2. the financial statements; and



3. the surplus earning distribution or loss off-setting proposals.

Article 27 : The distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. The Company shall not pay dividends or bonuses, if there is no surplus earnings provided.

Article 28 : The net profits of the Company for each annual financial year shall be allocated in the following order:

1. To make provision of the applicable amount of income tax;
2. To set off losses;
3. To set aside ten percent (10%) as Legal Reserve unless the accumulated amount of such Legal Reserve equals to the total capital of the Company;
4. To set aside or make an any reversal of an amount as Special Reserve pursuant to the applicable rules and requirements of the Commission;
5. With respect to the earnings available for distribution, i.e. the net profit after the deduction of the items (1) to (4) above plus the previously cumulative undistributed Retained Earnings, the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the regular meeting for approval.

As the Company is in the diversified industrial environment, the corporate life cycle is growing in the first stage and continues to grow, the need for a sound financial planning for sustainable development, thus the Company's dividends policy to distribute the dividends may be allocated the shareholder dividends or bonus in the form of the retained earnings or the amounts of distribution and cash according to the Company's future expenditure budgets and funding needs and measure of the necessity of support of funding needs.

Earnings may be distributed in the form of cash dividends and/or shares, but the cash dividends are prior to any shares, or distribution by the amount of dividends. Share dividends shall

comprise a minimum of fifty percent (50%) of the total dividends allocated to Shareholders.

Article 28-1 : The allocation of the directors' remuneration not exceeding three percentages of the annual earnings and no less than five percentages of employee remuneration and a company may set off losses if any accumulated losses.

Resolutions at a shareholders' meeting for the allocation of the employees' remuneration and directors' remuneration shall be adopted by a majority vote of the directors present, who represent over two-thirds of the directors and report in the meeting.

The allocation of the employee bonuses in the form of cash or shares, the employees entitled to such share bonuses may include employees of the Subordinate Companies satisfying certain criteria.

Article 29 : (Deleted)

## **Chapter 6 Supplementary Provisions**

Article 30 : The Company shall guarantee for others in order to meet business needs, and the Board of Directors is authorized to exercise the procedures in accordance with the Regulations Making of Endorsements/Guarantees.

Article 31 : (Deleted)

Article 32 : Matters not provided in the Articles of Incorporation shall be in accordance with the Company Act and other relevant laws and regulations.

Article 33 : The Article was approved at promoters meetings by all promoters and made on November 5, 2007. 1st amendment was made on December 13, 2007. 2nd amendment was made on May 6, 2008. 3rd amendment was made on November 28, 2008. 4th amendment was made on June 30, 2009. 5th amendment was made on November 27, 2009. 6th amendment was made on December 15, 2010. 7th amendment was made on June 22, 2011. 8th amendment was made on June 27, 2012. 9th amendment was made on June 19, 2013. 10th amendment was made on June 18, 2014. 11th amendment was made on June 17, 2015. 12th amendment was made on May 31, 2016.

**Danen Technology Corporation**

Rules and Procedures of Shareholders Meeting

Article 1 : To develop a desirable governance system, perfect supervision capabilities, and strengthen the management mechanism of the Company's Shareholders Meeting, these Rules are established in accordance with the ROC Regulations Governing Procedure for Meetings of the Shareholders of Public Companies and the Article 5 of the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Article 2 : Unless otherwise stipulated by the laws and regulations or the Articles of Incorporation, the meeting policy of the Company's Shareholders' Meeting shall be handled in accordance with the requirements of these Rules.

Article 3 : A shareholders meeting shall, unless otherwise provided for in the laws and regulations, be convened by the Board of Directors.

The reasons for calling a regular meeting of shareholders shall be notified to each shareholder at least thirty days in advance. Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement by entering such information into the Market Observation Post System at least thirty days in advance. The reasons for calling a special shareholders meeting shall be notified to each shareholder at least fifteen days in advance. Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement by entering such information into the Market Observation Post System at least fifteen days in advance.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, and dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 the Company, if there is any matter ruled by the Article 26-1, Article 43-6 of the Securities and Exchange Act and Article 56-1, Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be itemized in the causes or subjects to be described in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

Under any circumstances of the Paragraph 4, Article 172-1 of the Company Act, the Board of Directors of the Company may exclude the proposal submitted by a shareholder from the list of proposals to be discussed at a regular meeting of shareholders.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders meeting notice the proposals conforming to the requirements set out in this Article of Incorporation. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders meeting to be convened.

Article 4 : A shareholder may appoint a proxy to attend a shareholders meeting in his/her behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than 5 days prior to the meeting date of the shareholders meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders meeting in person or to exercise his/her voting power in writing or by way of electronic transmission , a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders meeting as scheduled in the shareholders meeting notice so as

to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 : The place of the Shareholders Meeting to be convened shall be convenient for Shareholders' attendance and shall be an opportune place for holding a Shareholders Meeting. The meeting time at which starts shall not be earlier than 09:00 am or later than 03:00 pm.

Where the Company has established the position of independent director, the Company shall take into full consideration an independent director's opinion for the place and time of the Shareholders Meeting to be convened.

Article 6 : Time and place to report in and other necessary matters shall be specified in a meeting notice.

The aforementioned time to report in shall be started latest by 30 minutes before the shareholders meeting; the registration desk shall be clear and definite, and appoint the associated persons in sufficient numbers to meet its management needs to conduct such business.

A shareholder or an agent appointed by a shareholder (hereafter refer to "shareholder ") shall attend at a Shareholder Meeting by The attendance card, sign-in card, or other certificate of attendance. The Company may not arbitrarily request a shareholder to provide other certificates. A solicitor of proxies shall bring identification documents for verification.

An attendance book shall be made ready for signature or a shareholder attending the meeting shall submit the sign-in card in place of signature.

The Company shall deliver an agenda, annual reports, an attendance card, a slip and other meeting information to shareholders who attend the meeting. Where there is a proposal for election of directors, the Company shall provide a vote. When the government or a juristic person is a shareholder, its proxy shall not be limited to one person. When a juristic person is appointed to attend the meeting, its proxy shall be limited to one person.

Article 7 : If the meeting of shareholders is convened by the Board of Directors, the Chairman shall preside the shareholders meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing

directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors.

The aforementioned Chairman shall be the managing directors or the directors who has held a post for over 6 months and understand the Company's financial status.

The shareholders meeting shall be convened by the Board of Directors, and a Chairman of the Board of Directors who shall act as chairman of shareholders meetings and a majority of directors and at least one member from the committees of other functions are present at the shareholders meeting. The status of the attendance shall be recorded in the minutes of the shareholders meeting.

For a shareholders' meeting convened by the Board of Directors, where as for a shareholders meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The Company shall appoint an attorney, accountants or related personnel to attend a shareholders meeting.

Article 8 : Any and all of shareholder meetings shall be audio recorded or videotaped from beginning to adjournment of the meeting as evidence. The aforementioned files shall be kept for at least one year. For a meeting convened via videoconferencing, the audio recorded and videotaped information shall be part of the proceedings of minutes of the shareholders meeting pursuant to Article 189 of the Company Act and be properly kept until legal proceedings of the foregoing lawsuit have been concluded.

Article 9 : The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards plus the numbers of shares exercising in writing or by way of electronic transmission.

A meeting shall be called to order by the chairman when the scheduled meeting time has arrived and the majority of the shareholders are present. If the majority of the shareholders are not present at the schedule commencement time of the meeting, the chairman of the meeting may

announce the postponement of the meeting not more than twice. If a quorum has not been reached after the second postponement, the chairman shall declare the meeting adjourned.

If after two postponements the number of Shares represented by the attending Shareholders has constituted more than one-third (1/3) of all Shares in issue present in person or by proxy and entitled to vote, a tentative resolution may be passed in accordance with the Item 1, Article 175 of the Company Act.

Before the end of such a meeting, if the number of Shares represented by the attending Shareholders has already constituted more than an aggregate of one-half (1/2) of all Shares in issue, the chairman may put the tentative resolution(s) already passed to the Shareholders' resolution again in accordance with the Article 174 of the Company Act..

Article 10 : If the meeting of shareholders is convened by the Board of Directors, the procedure of the meeting shall be promulgated by the Board of Directors. Shareholders meetings shall be conducted in accordance with the procedure of the meeting as scheduled in the meeting notice, which may be subject to change upon consent of resolutions at the shareholders meeting.

The shareholders meeting shall be convened by the others except for the Directors with power to convene the meeting, which may follow the same methodology.

For purpose of the preceding two paragraphs, the chairman may not declare adjournment without the consent of resolutions before the end of the aforementioned procedure of the meeting as scheduled in the meeting notice (including extempore motion. If the chairman declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, a new chairman of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

The chairman shall let shareholders to fully explain and discuss with the proposals and the amendment or extraordinary motion proposed by the shareholders. When the chairman at a shareholders meeting is of the proposals and the amendment or extraordinary motion proposed by the shareholder has been sufficiently explained and discussed to a degree of putting to a vote, the chairman may announce the discussion closed and

bring the matter to vote.

Article 11 : A shareholder attending the meeting shall fill in a slip indicating the purpose, Shareholder account number (or attendance card number) and Shareholder name prior to the discussions. The chairman shall decide on the order of presentations.

A shareholder shall be deemed as non- presentation if only submitting a slip without presenting. In the event of any inconsistency between the presentation and the slip, the presentation shall apply.

A shareholder's presentation at the same meeting shall not be over 2 times and 5 minutes each time without any consent of the chairman. The presentation should be interdicted by the chairman in case that a shareholder's presentation in violation of the rules or exceeds the scope.

Other shareholders shall not interfere with the presentation of a shareholder attending a meeting unless obtaining content to a chairman and a shareholder who is giving a presentation. The presentation should be interdicted by the chairman.

A juristic person shareholder appoint over 2 personnel at a shareholder meeting, there is only one person has the right to give a presentation at the same meeting. The chairman shall reply in person or appoint a related member to reply after the presentation of a shareholder.

Article 12 : The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares.

The Shares held by any Shareholders with no voting rights shall not be included in the total number of issued Shares while voting on resolutions in the general meeting.

Any shareholder who bears a personal interest that may conflict with and impair the interest of the Company in respect of any proposed matter for consideration an approval at a regular meeting shall abstain from voting any of the shares that such Shareholder should otherwise be entitled to vote in person, as a proxy or corporate representative with respect to said matter. Any Shares held by any Shareholders who are not permitted to exercise voting rights in the preceding paragraph shall not be counted in the number of votes of Shareholders present at the general meeting for relevant resolutions

Except for trust enterprises or Shareholders' Service Agencies approved by Taiwan competent authorities, when a person who acts as the proxy for two or more Shareholders concurrently, the number of votes represented by him



shall not exceed three percent of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.

Article 13 : A shareholder shall have one voting power in respect of each share in his/her possession. However, the shares shall have no voting power under any of the Item 2, Article 179 of the Company Act, this shall not apply.

The voting power at a shareholders meeting may be exercised in writing or by way of electronic transmission, provided, however, that the method for exercising the voting power shall be described in the shareholders meeting notice to be given to the shareholders if the voting power will be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission as set forth in the preceding Paragraph shall be deemed to have attended the said shareholders meeting in person, but shall be deemed to have waived his/her voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders meeting.

In case a shareholder elects to exercise his/her voting power in writing or by way of electronic transmission, his/her declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her voting power in writing or by way of electronic transmission intends to attend the shareholders meeting in person, he/she shall, two days prior to the meeting date of the scheduled shareholders meeting and in the same manner previously used in exercising his/her voting power, serve a separate declaration of intention to rescind his/her previous declaration of intention made in exercising the voting power under the preceding Paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail.

In case a shareholder has exercised his/her voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders meeting in his/her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Except as otherwise provided by the Company Act and the Articles of Incorporation, the resolution may be adopted by the votes of the shareholders present at a shareholders meeting who represent a majority of the total number of issued shares. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 : The election of the directors at a shareholders meeting shall comply with the regulations of the election. Results of the votes shall be announced on the spot, including the list of persons elected as directors and the numbers of votes. The votes of the aforementioned elections, after the seal and signature of the voting supervisor, shall be kept by the company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholders in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 15 : Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The record and the distribution of the minutes shall be fulfilled in accordance with the Company Act.

The minutes of shareholders meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and

the results of the meeting. The minutes shall be kept persistently throughout the life of the company.

The method of adopting resolutions in the preceding Paragraph shall be deemed and recorded approved and voted on by the shareholders present at the meeting consent to the passing of such resolution without raising any objection when the chairman puts forward the relevant resolutions for approval. If, upon the chairman proposing the relevant resolution for approval, a shareholder states his or her dissent, the vote by ballots and the number of votes and its ratio shall be recorded.

Article 16 : On the day of the shareholders meeting, the company shall compile a statistical statement of the number of shares obtained by the solicitor through solicitation and shall make an express disclosure of the same at the site of the shareholders meeting. On the day of the shareholders meeting, the company shall compile a statistical statement of the number of shares obtained by the solicitor through solicitation and shall make an express disclosure of the same at the site of the shareholders meeting. If any matters at a shareholders meeting ruled by the laws and regulation, the Taiwan Stock Exchange Corporation Regulations Governing Auction of Listed Securities (Taipei Exchange Rules Governing Purchase of OTC Securities) are material information, the Company shall transmit it to the Market Observation Post System.

Article 17 : The chairman may designate picket staff or security personnel to help maintain order at the place of meeting. Picket staff or security personnel must wear identification or an arm badge with a heading of "picket staff ". The presentation should be interdicted by the chairman in case that a shareholder's presentation is not given by the equipment prepared by the Company.

In case that any shareholder violates the rule, obstructs the meeting and disobeys the advice to stop, the chairman shall appoint the picket staff or security personnel to ask him/her to leave.

Article 18 : During the meeting, the chairman shall declare a break depending on the time. The chairman shall declare suspension of the meeting in the wake of any force majeure that occurred, and then declare to reconvene the meeting under the circumstance.

The shareholders meeting shall find another place to reconvene the meeting, if the place of meeting is not available at that time till the end of the aforementioned procedure of the meeting as scheduled in the meeting notice (including extempore motion).

The Article 182 of the Company Act shall apply where a meeting of

shareholders resolves to postpone the meeting for not more than, or to reconvene the meeting within, five days.

Article 19 : Establishment of these Rules shall be subject to consent of the Company's Shareholders Meeting. Any amendment to these Rules shall be subject to consent of the Company's Shareholders Meeting.

Article 20 : This Rule was made on November 28, 2008. 1<sup>st</sup> amendment was made on June 27, 2012. 2<sup>nd</sup> amendment was made on June 19, 2013. 3<sup>rd</sup> amendment was made on June 18, 2014. 4<sup>th</sup> amendment was made on June 17, 2015.

**Danen Technology Corporation**

The Rules of Procedure for Board Directors Meeting

Article 1: To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 : With respect to the board directors meeting ("board meeting") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3: The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

Article 4 : A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 5 : The subject matters and agenda of regular Board Meeting shall be decided by the members of the Board Directors. The Board secretariat shall conduct the drafting of meeting agendas and minutes, and handle other administrative matters related to Board Meetings, and reports to the Board Directors.

The Board secretariat shall provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting to all Directors of the Board under time limit rules of Article 3.

Previous Consultation with directors should be attached with reply slip.

If the Directors consider meeting materials to be insufficient, they may request the Board secretariat to provide supplemental materials in advance. If the Directors consider meeting materials to be insufficient during the

meeting, the meeting may be postponed upon a resolution of the Board of Directors.

Article 6 : Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
  - (1) Minutes of the last meeting and action taken.
  - (2) Important financial and business matters.
  - (3) Internal audit activities.
  - (4) Other important matters to be reported.
2. Matters for discussion:
  - (1) Items for continued discussion from the last meeting.
  - (2) Items for discussion at this meeting.
3. Extraordinary motions.

Article 7 : The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, must be approved by resolution at a board meeting, any and all independent directors of this Corporation shall attend the meeting in person or appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 8 : The Chairman of the Board Directors shall act on behalf of the Board Directors pursuant to the Company's internal operation when the Board Directors are not in session except the discussion of matters specified under Article 7, paragraph 1.

Authorization items are as follows:

1. To handle routine business operations or regular business transactions, The Chairman of the Board of Directors shall act on behalf of the Company according to the Company's Articles and the Laws.
2. Procedures specified under Article 7, paragraph 1 of the Securities and Exchange Act.

Article 9: When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future

reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 10 : Board Meetings shall be convened and presided over by the Chairman of the Board Directors. However, the first meeting of every term of the newly elected Board Directors shall be convened and presided over by the Director who has received the largest number of votes after such election; if there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.

In case the Chairman of the Board Directors is on leave or unable to exercise his powers for any cause, the Vice Chairman of the Board Directors shall act on his behalf. If the Vice Chairman is also on leave or unable to exercise his powers for any cause, the Chairman shall appoint a Director to act on his behalf. In the absence of such an appointee, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.

Article 11 : When a board meeting is held, the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 12 : The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed



meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. Total time of postponements shall not exceed one hour. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 18, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 13 : A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case in the preceding Article, paragraph 1 shall apply *mutatis mutandis*.

Article 14 : After an attending director has spoken, the chair may respond in person or direct relevant personnel to respond, or to appoint the professionals retained by this Corporation to attend the meeting and provide related information.

A director may not speak more than twice on the same proposal. If the director's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 15 : When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 17, paragraph 1.

Article 16 : Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 17 : If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply *mutatis mutandis* in accordance with Article 206, paragraph 3 of the same Act.

Article 18 : Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.

3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 7, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to

each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

Article 19 : Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 20 : These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. These Rules of Procedure were made on September 3, 2008. 1st amendment was made on March 20, 2012. 2nd amendment was made on December 11, 2012. 3rd amendment was made on March 26, 2014.

Appendix 4

Danen Technology Corporation  
Shareholdings of Directors

1. The amount of the paid-in capital is NTD 3,496,267,990 and the total shares are 349,626,799 shares.

2. Total Issued shares of a single and all directors on the book closure date of March 31, 2018:

(1) The minimum required combined shareholding of all directors by law :  
the independent directors of the Company exceed one-half of the total director seats, and an audit committee has been established, the provisions on the minimum percentage requirements for the shareholding respectively of all directors shall not apply.

(2) The status of Shareholdings of Directors as follows :

Book closure date: March 31, 2018

Position	Name	Date elected	Shareholding while elected		Current shareholding	
			Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairman	Fang,Jenn-Ming	106.05.26	5,116,409	1.46%	5,116,409	1.46%
Vice chairman	Jen,Chao-Ming	106.05.26	952,732	0.27%	952,732	0.27%
Director	Zhuang, Bi-Yang	106.05.26	0	0.00%	0	0.00%
Independent director	Tsai,Wen-Ching	106.05.26	0	0.00%	0	0.00%
Independent director	Lin,Her-Yuan	106.05.26	0	0.00%	0	0.00%
Independent director	Jaw,Yi-long	106.05.26	0	0.00%	0	0.00%
Independent director	Su, Zong-Tsan	106.05.26	22,400	0.01%	52,400	0.01%
Shareholding of all directors			6,091,541	1.74%	6,121,541	1.75%