



ACES ELECTRONICS CO., LTD.

**Handbook for the 2017 Annual
Meeting of Shareholders**

Date: June 22, 2017

Place: 3F, No.398, Minquan Rd, Zhongli District,
Taoyuan City (Hotel Kuva Chateau)

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ACES ELECTRONICS CO., LTD.

Procedure for the 2017 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman Remarks
3. Company Reports
4. Proposals
5. Discussion
6. Questions and Motions
7. Adjournment

ACES ELECTRONICS CO., LTD.

Agenda of 2017 Annual Meeting of Shareholders

Time : 9:00 a.m. on Thursday, June 22, 2017

Place : 3F, No.398, Minquan Rd, Zhongli District, Taoyuan City (Hotel Kuva Chateau)

Meeting Agenda :

1. Report on attending shares of shareholders
2. Call the Meeting to Order
3. Chairman Remarks
4. Company Report
 - (1) 2016 Business Report
 - (2) Supervisor's Review Report on the 2016 Financial Statements
 - (3) Report on 2016 Employees', Directors' and Supervisors' Remuneration
 - (4) Report on implementation of treasury stock
5. Proposal
 - (1) Adoption of the 2016 Financial Statements and Business Report
 - (2) Adoption of the proposal for Distribution of 2016 profits
6. Discussion
 - (1) Amendment to the Articles of Incorporation
 - (2) Amendment to the Operational procedures for Acquisition and Disposal of Assets
 - (3) Amendment to the Operational Procedures for Endorsements and Guarantees
 - (4) Amendment to the Operational Procedures for Loaning of Company Funds
7. Questions and Motions
8. Adjournment

Company Reports

1. 2016 Business Report.

The 2016 Business Report is attached as page 6-7.

2. Supervisor's Review Report on the 2016 Financial Statements.

The 2016 Supervisor's Review Report is attached as page 8-10.

3. Report on 2016 Employees', Directors' and Supervisor's Remuneration.

The Board of Directors meeting on March 30, 2017 proposed the employees' remuneration totaling NT\$12,150,975 and the Directors' and Supervisors' remuneration totaling NT\$6,075,487, both are paid in cash.

4. Report on implementation of Treasury stock.

In accordance with the Company Act Article 187, 317 and Article 12 of the Business Mergers and Acquisitions Act, buyback 960,000 shares from the shareholders who were disagree on Aces and MEC IMEX merger matter. The number of shares bought back as a percentage of total issued shares is 0.78%. It hasn't gone through the shares cancellation or shares transferred.

Proposals

1. Adoption of the 2016 Financial Statements and Business Report. (Proposed by the Board)

Explanation :

- (1)The Company's 2016 Financial Statement, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by Shu-Chih Yang and Pei-Chi Chen, accountants at CPA firm of KPMG.
- (2)The 2016 Business report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, page 6-7 and page 11-26.
- (3)The proposal is submitted for discussion.

Resolution :

2. Adoption of the proposal for Distribution of 2016 profits (Proposed by the Board)

Explanation :

- (1)2016 net profit after tax is NT \$192,414,496. And add after adjusted beginning retained earnings of NT \$1,590,281,094, and after setting aside the legal reserve of NT \$19,241,450, the distributable net profit are NT\$ 1,763,454,140.
- (2)The proposal for distribution of 2016 profits is to set aside NT\$73,437,530 for cash dividends. Each shareholder will be entitled to receive a cash dividend of NT\$0.6 per share.
- (3)2016 Earnings Distribution Table, please refer to the page 27.
- (4)In the event of that the outstanding shares is affected by capital increase, conversion of convertible bonds, buyback of treasury stock or transfer of treasury stock, conduct of Employee stock options or any other factors, it is proposed that the Board of Directors be authorized to adjust the cash and to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- (5)Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Chairman be authorized to resolve the ex-dividend date and other relevant issues.
- (6)The proposal is submitted for discussion.

Resolution :

Discussion

1. Amendment to the Articles of Incorporation. (Proposed by the Board)

Explanation :

- (1) In order to conform to the FSC Order No. Financial-Supervisory-Securities-Trading-1060000381 of 18 January 2017 and the needs of commercial practice, the company hereby proposes to amend the Articles of Incorporation.
- (2) Please refer to Page 28-29 for details.
- (3) The proposal is submitted for discussion.

Resolution :

2. Amendment to the Operational procedures for Acquisition and Disposal of Assets. (Proposed by the Board)

Explanation :

- (1) In order to conform to the needs of amendments to related commercial laws, the company hereby proposes to amend the Operational procedures for Acquisition and Disposal of Assets.
- (2) Please refer to Page 30-36 for details.
- (3) The proposal is submitted for discussion.

Resolution :

3. Amendment to the Operational Procedures for Endorsements and Guarantees (Proposed by the Board)

Explanation :

- (1) In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.
- (2) Please refer to Page 37 for details.
- (3) The proposal is submitted for discussion.

Resolution :

4. Amendment to the Operational Procedures for Loaning of Company Funds (Proposed by the Board)

Explanation :

- (1) In order to conform to the needs of commercial practice, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds.

(2)Please refer to Page 38 for details.

(3)The proposal is submitted for discussion.

Resolution :

Questions and Motions

Adjournment