

**Handbook of Annual General Shareholders' Meeting
of
Elite Material Co., Ltd.
(EMC)**

Date: 14 June 2018

Time: 9:00am Taipei time

Place: No. 18, Datong 1st Road,

Guanyin District, Taoyuan City

Taiwan

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**Meeting Agenda
for
Annual General Shareholders' Meeting
of
Elite Material Co., Ltd.**

- 1. Call the meeting to order**
- 2. Chairperson takes chair**
- 3. Chairperson remarks**
- 4. To report:**
 - a. Year 2017 business operations and financial statements
 - b. Review report of Year 2017 business operations and financial statements by the Audit Committee
 - c. Year 2017 employees' compensation and Directors' remuneration
 - d. Information of the corporate bond issued in Year 2017
- 5. To discuss and approve proposed resolutions**
 - a. To accept the Year 2017 financial statements
 - b. To approve the proposal for distribution of 2017 profits
 - c. To approve amending the company bylaw of "Procedures of Capital Lending to Others of Elite Material Co., Ltd."
- 6. Extemporary motion**
- 7. Meeting adjourned**

Reporting Items

1. To report Year 2017 business operations and financial statements

The Year 2017 business report is attached as Attachment I. The 2017 financial statements and independent auditors' audit report by KPMG are attached as Attachments II and III.

The full financial reports prepared and audited by KPMG can be viewed and downloaded at the company website: <http://www.emctw.com/en-global/investors/index/14>; or at the website of MOPS operated by the Taiwan Stock Exchange: <http://mops.twse.com.tw>

2. To report review results of Year 2017 business operations and financial statements by the auditing committee

The review report by the Audit Committee is attached as Attachment IV.

3. To report the information of the employees' compensation and the Directors' remuneration

The information of the employees' compensation and the Directors' remuneration is attached as Attachment V.

4. To report the information of the corporate bond issued in Year 2017

The information of the corporate bond issued in Year 2017 is attached as Attachment VI.

Proposed resolutions

1. To accept the Year 2017 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of the Year 2017 business report and financial statements.

Explanatory Notes:

- i. EMC's Year 2017 business report and financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been resolved to accept by the 10th board meeting of the 10th term, and have been examined by and determined to be correct and accurate by the Audit Committee of EMC. We thereby submit this report.
- ii. The Year 2017 business report, financial statements, independent auditors' audit report, and the review report of the Audit Committee are attached as Attachments I, II, III, and IV.
- iii. Please accept the aforesaid business report and financial statements

2. To approve the proposal for distribution of 2017 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2017 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$1,534,331,798. Each common share holder will be entitled to receive a cash dividend of NT\$4.8 per share.
- ii. The fractional dollar amount which is less than one New Taiwan Dollar, if there is any, will not be distributed and will be recognized by the company as other income.
- iii. After being approved at the Annual General Shareholders' Meeting, it is proposed that the Chairman of EMC be authorized to determine the record date and the payment date that the cash dividends will be distributed to common share holders.
- iv. Should EMC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Chairman of EMC be authorized to adjust the cash to be distributed to each common share, based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
- v. The 2017 profit allocation proposal is attached as Attachment VII.
- vi. Please approve the aforesaid proposal for the distribution of 2017 profits.

3. To approve amending the company bylaw of “Procedures of Capital Lending to Others of Elite Material Co., Ltd.”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the company bylaw.

Explanatory Notes:

- i. In compliance with the Securities Exchange Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, it is proposed that Articles 2, 3, 4, 5, 6, 14, 15 of the company bylaw of “Procedures of Capital Lending to Others of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures of Capital Lending to Others of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment VIII.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.

Extemporany motion:

Attachment I

Year 2017 Business report

I. Year 2017 business results

i. Execution results of business plan

- a. Kunshan production site of Jiangsu Province, China: Monthly production capacity has achieved 1.35 million sheets.
- b. Zhongshan production site of Guangdong Province, China: Monthly production capacity has achieved 950,000 sheets.
- c. Guanyin/Hsinchu production site of Taiwan: Monthly production capacity has achieved 650,000 sheets.

Unit: NT\$ thousands

Items	Year 2017
Revenue	23,609,983
Gross profit	5,827,978
Operating profit	4,006,558
Income before tax	4,028,452
Net income	2,795,176

Note: Numbers are presented on consolidated basis. The net income of year 2017 includes the net income of NT\$4,219 thousand belongs to the minority interests.

ii. Summary of cash flow statements

Unit: NT\$ thousands

Items	Year 2017
Net cash provided by operating activities	3,060,277
Net cash used in investing activities	721,808
Net cash used in financing activities	1,201,352
Effects of changes in foreign exchange rate on cash and cash equivalents	(73,613)
Increase in cash in reporting period	1,063,504

iii. Analysis of profitability

Items	Year 2016	Year 2017
Return on assets (%)	15.14	14.11
Return on equities (%)	27.46	24.96
Percentage of paid-in capital (%)	Operating profit	123.50
	Income before tax	122.83
Net margin (%)	12.57	11.84
Earnings per share (NT Dollar)	8.70	8.74

iv. Results of research and development:

New products successfully developed by the Company in 2017:

1. A new recipe created for eco-friendly ultra-low signal loss High-Tg laminates for radio frequency transmission
2. Eco-friendly ultra-low signal loss High-Tg laminates used for 5G base stations
3. Eco-friendly low signal loss laminates with high dimensional reliability used for next-generation substrates
4. Measuring, testing, and qualifying processes are developed and equipment is installed for materials used for substrates and electronic devices adopted by automotive industry

In addition, the Company obtained another 4 patents from the US, proving R&D efforts of EMC has cemented its leading position of creating eco-friendly halogen-free materials used in the global laminate market. Several newly developed products are in the process of receiving qualifications from end customers worldwide, and the mass production of the said products is about to commence. EMC has the confidence that the Company is ready to meet the increasing worldwide demand for green laminates.

II. Summary of Year 2018 business plan

i. Operating strategy

- a. To create new materials for high density interconnect (HDI) PCBs, and to develop more applications and promote more consumption for such materials
- b. To develop laminates consumed by automotive vehicles, and to obtain more quality certifications for such laminates
- c. To promote proactively laminates with increasingly higher thermal reliability

ii. Sales volume target

Production site	CCL (Sheet)	Prepreg (roll)	Mass Lam (000 panels)
Guanyin/Hsinchu, Taiwan	7,049,254	162,150	1,707
Kunshan, China	14,591,500	259,334	
Zhongshan, China	9,715,400	191,505	
Total	31,355,654	612,989	1,707

a. Expected sales volume target:

Copper clad laminates (CCLs):	31,355,654 sheets/year
Prepreg (PP)	: 612,989 rolls/year
Mass Lam (M/L)	: 1,707 thousand panels/year

b. Significant production and sales policies:

- (a) To increase the sales volume of eco-friendly products in compliance with the environmental regulations of the European Union (EU)
- (b) To improve the production yield rate in order to meet the rising demand from clients

- (c) To pursue the most appropriate inventory volume by coordinating production and sales activities, in order to improve the utilization efficiency of the working capital

III. Effects from changes in competitions, regulations, and business environment on the future development strategy of the company

i. Priorities of the future development strategy of EMC:

- a. To secure the leading position of EMC for materials consumed by HDI PCBs in the global market
- b. To develop varieties of base materials consumed by high-frequency laminates with increasingly higher thermal reliability, in order to meet the rising demand from the proliferating cloud services.
- c. To enhance operating results by precisely executing the internal control policy and the management decisions

ii. Effects from changes in competitions, regulations, and business environment:

Year 2018, in our view, will be the year that the global communication industry begins to upgrade from 4G to 5G. Several pre-commercial testing devices and networks are being launched. A revolutionary change at the quality and engineering specifications of laminate materials is occurring. To take advantage of the opportunity, EMC plans: 1) to increase the percentage of sales derived from halogen-free base materials, as we believe handsets and other consumer electronic devices would entirely adopt halogen-free materials since environment consciences will be an irreversible trend; 2) to increase percentage of sales derived from high-frequency laminates with higher thermal reliability; 3) to advance services to customers to cement current market share, and actively cultivate potential customers; 4) to better execute the performance evaluation of the company employees and strictly implement self-examination system.

Chairman & President: Dong, Ding-Yu

Directors of Accounting Department: Sara Yen

**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment II
Year 2017 Financial Statements – consolidated basis

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2017.12.31		2016.12.31		LIABILITIES AND STOCKHOLDERS' EQUITY		2017.12.31		2016.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:						Current Liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 5,293,589	25	4,230,085	22	2100	Short-term borrowings (Note (6)(g))	\$ 150,325	1	130,449	1
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	6,184	-	-	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	17,008	-
1150	Notes receivable, net (Note (6)(c))	343,413	2	289,720	1	2170	Accounts payable	5,164,085	25	5,042,103	26
1170	Accounts receivable, net (Note (6)(c))	7,156,961	34	7,423,370	39	2200	Other payables	1,292,094	6	1,276,646	7
1200	Other receivables, net (Note (6)(c))	13,079	-	7,393	-	2230	Current tax liabilities	267,535	2	354,433	2
1310	Inventories (Note (6)(d))	2,551,850	12	2,074,544	11	2250	Current provisions (Note (6)(j))	21,153	-	62,883	-
1470	Other current assets	115,328	1	106,972	1	2322	Long-term borrowings, current portion (Note (6)(h))	-	-	350,000	2
		<u>15,480,404</u>	<u>74</u>	<u>14,132,084</u>	<u>74</u>	2399	Other current liabilities, others	51,820	-	13,315	-
								<u>6,947,012</u>	<u>34</u>	<u>7,246,837</u>	<u>38</u>
Non-Current Assets:						Non-Current liabilities:					
1523	Non-current available-for-sale financial assets (Note (6)(b))	16,822	-	18,229	-	2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(b))	5,869	-	-	-
1600	Property, plant and equipment (Note (6)(f))	4,803,458	23	4,622,571	24	2530	Bonds payable (Note (6)(i))	1,320,206	6	870,900	5
1780	Intangible assets	7,344	-	5,062	-	2540	Long-term borrowings (Note (6)(h))	-	-	31,080	-
1840	Deferred tax assets (Note (6)(l))	65,550	-	53,833	-	2551	Non-current provisions for employee benefits (Note (6)(k))	21,629	-	556,942	2
1900	Other non-current assets	325,505	2	294,835	2	2570	Deferred tax liabilities	606,912	3	15,044	-
1920	Guarantee deposits paid	13,505	-	14,227	-	2645	Guarantee deposits received (Note(6)(l))	15,574	-	-	-
1985	Long-term prepaid rents	88,126	1	91,934	-			<u>1,970,190</u>	<u>9</u>	<u>1,473,966</u>	<u>7</u>
		<u>5,320,310</u>	<u>26</u>	<u>5,100,691</u>	<u>26</u>			<u>8,917,202</u>	<u>43</u>	<u>8,720,803</u>	<u>45</u>
							Total liabilities				
							Equity attributable to owners of parent (Note (6)(m)):				
						3100	Share capital	3,196,524	15	3,189,211	17
						3200	Capital surplus	623,721	3	443,632	3
							Retained earnings:				
						3310	Legal reserve	1,256,696	6	979,661	5
						3320	Special reserve	126,586	1	-	-
						3351	Accumulated profit and loss	6,905,344	33	6,014,995	31
						3400	Other equity	(237,192)	(1)	(126,586)	(1)
						36XX	Non-controlling interests	11,833	-	11,059	-
							Total equity	<u>11,883,512</u>	<u>57</u>	<u>10,511,972</u>	<u>55</u>
							Total liabilities and equity	<u>\$ 20,800,714</u>	<u>100</u>	<u>\$ 19,232,775</u>	<u>100</u>
	Total assets	<u>\$ 20,800,714</u>	<u>100</u>	<u>19,232,775</u>	<u>100</u>						

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD.AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		2017		2016	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(p))	\$ 23,609,983	100	22,069,584	100
5000	Operating costs (Note (6)(d))	(17,782,005)	(75)	(16,304,045)	(74)
	Gross profit from operations	5,827,978	25	5,765,539	26
	Operating expenses:				
6100	Selling expenses	(958,196)	(4)	(1,035,767)	(5)
6200	Administrative expenses	(585,724)	(3)	(588,341)	(2)
6300	Research and development expenses	(277,500)	(1)	(202,737)	(1)
	Total operating expenses	1,821,420	8	1,826,845	8
	Net operating income	4,006,558	17	3,938,694	18
	Non-operating income and expenses (Note (6)(r)):				
7010	Other income	51,046	-	22,762	-
7020	Other gains and losses	5,692	-	(17,053)	-
7050	Finance costs	(34,844)	-	(27,212)	-
	Total non-operating income and expenses	21,894	-	(21,503)	-
	Profit before income tax	4,028,452	17	3,917,191	18
7951	Less: Tax expense (Note (6)(l))	(1,233,276)	(5)	(1,143,182)	(5)
	Profit	2,795,176	12	2,774,009	13
	Other comprehensive income:				
	Items that will not be reclassified subsequently to profit or loss				
8310	Remeasurement from defined benefit plans	2,493	-	(29,655)	-
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	(424)	-	5,042	-
	Total items that will not be reclassified subsequently to profit or loss	2,069	-	(24,613)	-
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	(133,402)	(1)	(702,914)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	22,654	-	119,361	-
	Total items that will be reclassified subsequently to profit or loss	(110,748)	(1)	(583,553)	(3)
	Other comprehensive income	(108,679)	(1)	(608,166)	(3)
	Total comprehensive income	\$ 2,686,497	11	2,165,843	10
	Profit, attributable to:				
	Profit, attributable to owners of parent	\$ 2,790,957	12	2,770,355	13
	Profit, attributable to non-controlling interests	4,219	-	3,654	-
		\$ 2,795,176	12	2,774,009	13
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	\$ 2,682,420	11	2,162,981	10
	Comprehensive income, attributable to non-controlling interests	4,077	-	2,862	-
		\$ 2,686,497	11	2,165,843	10
	Earnings per share (Note (6)(o))				
	Basic earnings per share (dollars)	\$ 8.74		8.70	
	Diluted earnings per share (dollars)	\$ 8.53		8.65	

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent								Non-controlling Interests	Total
	Share capital		Retained Earnings			Other Equity		Total Equity Attributable to Owners of Parent		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements				
Balance as of January 1, 2016	\$ 3,175,051	432,549	740,737	-	4,876,106	456,175	9,680,618	11,162	9,691,780	
Profit for the years ended December 31, 2016	-	-	-	-	2,770,355	-	2,770,355	3,654	2,774,009	
Other comprehensive income for the years ended December 31, 2016	-	-	-	-	(24,613)	(582,761)	(607,374)	(792)	(608,166)	
Total comprehensive income for the years ended December 31, 2016	-	-	-	-	2,745,742	(582,761)	2,162,981	2,862	2,165,843	
Earnings distribution:										
Legal reserve	-	-	238,924	-	(238,924)	-	-	-	-	
Cash dividends	-	-	-	-	(1,367,929)	-	(1,367,929)	-	(1,367,929)	
Issuance of shares for exercise of employee stock options	14,160	11,031	-	-	-	-	25,191	-	25,191	
Recognized compensation costs on employee stock option	-	52	-	-	-	-	52	-	52	
Changes in non-controlling interests	-	-	-	-	-	-	-	(2,965)	(2,965)	
Balance as of December 31, 2016	3,189,211	443,632	979,661	-	6,014,995	(126,586)	10,500,913	11,059	10,511,972	
Profit for the years ended December 31, 2017	-	-	-	-	2,790,957	-	2,790,957	4,219	2,795,176	
Other comprehensive income for the years ended December 31, 2017	-	-	-	-	2,069	(110,606)	(108,537)	(142)	(108,679)	
Total comprehensive income for the years ended December 31, 2017	-	-	-	-	2,793,026	(110,606)	2,682,420	4,077	2,686,497	
Earnings distribution:										
Legal reserve	-	-	277,035	-	(277,035)	-	-	-	-	
Special reserve	-	-	-	126,586	(126,586)	-	-	-	-	
Cash dividends	-	-	-	-	(1,499,056)	-	(1,499,056)	-	(1,499,056)	
Equity component of convertible bonds issued by the Company - arise from stock option	-	121,544	-	-	-	-	121,544	-	121,544	
Conversion of convertible bonds	5,863	62,556	-	-	-	-	68,419	-	68,419	
Conversion of convertible bonds to ordinary shares	-	(5,559)	-	-	-	-	(5,559)	-	(5,559)	
Issuance of shares for exercise of employee stock options	1,450	1,595	-	-	-	-	3,045	-	3,045	
Recognized compensation costs on employee stock option	-	(47)	-	-	-	-	(47)	-	(47)	
Changes in non-controlling interests	-	-	-	-	-	-	-	(3,303)	(3,303)	
Balance as of December 31, 2017	\$ 3,196,524	623,721	1,256,696	126,586	6,905,344	(237,192)	11,871,679	11,833	11,883,512	

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities :		
Profit before tax	\$ 4,028,452	3,917,191
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	441,108	466,091
Amortization	4,180	2,580
Provision for doubtful accounts	(33,009)	7,294
Loss (profit) on financial assets or liabilities at fair value through profit or loss	(22,923)	(24)
Interest expenses	19,233	27,212
Interest income	(51,046)	(22,762)
(Gains) loss from disposal and retirement of property, plant and equipment, net	1,361	316
Share-based payment	(47)	52
Discount amortization on convertible bonds convert to Interest expense	15,611	-
Others	15,859	-
Total adjustments to reconcile net income to net cash provided by operating activities	<u>390,327</u>	<u>480,759</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(54,408)	(48,630)
Accounts receivable	235,970	(1,334,594)
Other receivables	4,454	8,256
Inventories	(490,220)	(399,756)
Other current assets	3,597	(34,005)
Other assets	(29,567)	2,631
Total changes in operating assets, net	<u>(330,174)</u>	<u>(1,806,098)</u>
Changes in operating liabilities, net:		
Accounts payable	160,361	848,664
Other payable	66,804	35,332
Provision	(40,780)	45,443
Other current liabilities	25,368	6,759
Net defined benefit liabilities	(6,958)	(6,546)
Total changes in operating liabilities, net	<u>204,795</u>	<u>929,652</u>
Total changes in operating assets and liabilities, net	<u>(125,379)</u>	<u>(876,446)</u>
Total Adjustments	<u>264,948</u>	<u>(395,687)</u>
Cash inflow generated from operations	4,293,400	3,521,504
Interest received	40,872	22,804
Interests paid	(16,087)	(27,244)
Income taxes paid	(1,257,908)	(916,492)
Net cash provided by operating activities	<u>3,060,277</u>	<u>2,600,572</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(716,936)	(518,764)
Disposal of property, plant and equipment	959	2,095
Acquisition of intangible assets	(6,465)	(4,522)
Decrease in guarantee deposits paid	634	705
Net cash used in investing activities	<u>(721,808)</u>	<u>(520,486)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	22,381	123,233
Proceeds from issuance of convertible bonds	1,500,000	-
Proceeds from long-term borrowings	750,000	-
Repayments from long-term borrowings	(1,975,000)	(311,300)
Decrease in guarantee deposit received	581	(530)
Dividends paid	(1,502,359)	(1,370,894)
Exercise of employee stock options	3,045	25,191
Net cash used in financing activities	<u>(1,201,352)</u>	<u>(1,534,300)</u>
Foreign exchange rate effects	(73,613)	(226,971)
Net increase in cash and cash equivalents	1,063,504	318,815
Cash and cash equivalents, beginning of year	4,230,085	3,911,270
Cash and cash equivalents, end of year	<u>\$ 5,293,589</u>	<u>4,230,085</u>

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

Year 2017 Financial Statements – parent-alone basis

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2017.12.31		2016.12.31		LIABILITIES AND STOCKHOLDERS' EQUITY		2017.12.31		2016.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:						Current Liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 1,687,855	10	644,037	4	2100	Short-term borrowings (Note (6)(g))	\$ 150,325	1	22,022	-
1150	Notes receivable, net (Note (6)(c))	263,681	2	227,753	2	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	1,968	-
1170	Accounts receivable, net (Note (6)(c))	1,597,791	10	1,743,912	12	2170	Accounts payable	1,508,605	9	1,359,977	9
1181	Accounts receivable-related parties (Note (7))	221,846	1	32,481	-	2180	Accounts payable-related parties (Note (7))	43,847	-	36,180	-
1200	Other receivables, net (Note (7))	23,667	-	4,190	-	2200	Other payables	739,494	5	725,731	5
1310	Inventories (Note (6)(d))	685,937	4	546,535	4	2230	Current tax liabilities	154,288	1	205,477	2
1470	Other current assets	36,747	-	30,640	-	2250	Current provisions (Note (6)(j))	15,118	-	18,641	-
		<u>4,517,524</u>	<u>27</u>	<u>3,229,548</u>	<u>22</u>	2322	Long-term borrowings, current portion (Note (6)(h))	-	-	350,000	3
Non-Current Assets:						2399	Other current liabilities, others	4,689	-	4,311	-
1550	Investments accounted for using equity method, net (Note (6)(e))	9,642,980	59	9,480,104	65			<u>2,616,366</u>	<u>16</u>	<u>2,724,307</u>	<u>19</u>
1600	Property, plant and equipment (Note (6)(f))	2,141,028	13	1,839,614	13	Non-Current liabilities:					
1780	Intangible assets	2,795	-	2,591	-	2530	Bonds payable (Note (6)(i))	1,320,206	8	-	-
1840	Deferred tax assets (Note (6)(l))	57,488	-	36,433	-	2540	Long-term borrowings (Note (6)(h))	-	-	870,900	6
1900	Other non-current assets	88,000	1	100,924	-	2551	Non-current provisions for employee benefits (Note (6)(k))	21,629	-	31,080	-
1920	Guarantee deposits paid	3,962	-	5,449	-	2570	Deferred tax liabilities (Note (6)(l))	606,912	4	556,942	4
		<u>11,936,253</u>	<u>73</u>	<u>11,465,115</u>	<u>78</u>	2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(b))	5,869	-	10,521	-
						2645	Guarantee deposits received	11,116	-	-	-
								<u>1,965,732</u>	<u>12</u>	<u>1,469,443</u>	<u>10</u>
								<u>4,582,098</u>	<u>28</u>	<u>4,193,750</u>	<u>29</u>
							Total liabilities				
							Equity attributable to owners of parent (Note (6)(m)):				
						3100	Share capital	3,196,524	19	3,189,211	22
						3200	Capital surplus	623,721	3	443,632	3
							Retained earnings:				
						3310	Legal reserve	1,256,696	8	979,661	6
						3320	Special reserve	126,586	1	-	-
						3351	Accumulated profit and loss	6,905,344	42	6,014,995	41
						3400	Other equity	(237,192)	(1)	(126,586)	(1)
							Total equity	<u>11,871,679</u>	<u>72</u>	<u>10,500,913</u>	<u>71</u>
							Total liabilities and equity	<u>\$ 16,453,777</u>	<u>100</u>	<u>14,694,663</u>	<u>100</u>
	Total assets	<u>\$ 16,453,777</u>	<u>100</u>	<u>14,694,663</u>	<u>100</u>						

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		<u>2017</u>		<u>2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes (6)(p) and (Note (7)))	\$ 6,181,352	100	6,025,659	100
5000	Operating costs (Notes (6)(d) and (Note (7)))	(5,167,859)	(84)	(4,713,871)	(78)
	Gross profit (loss) from operations	1,013,493	16	1,311,788	22
5910	Less: Unrealized gains	5,225	-	1,046	-
5920	Add: Realized gains	1,046	-	973	-
	Gross profit from operations, net	1,009,314	16	1,311,715	22
	Operating expenses:				
6100	Selling expenses	(195,666)	(3)	(228,190)	(4)
6200	Administrative expenses	(305,206)	(5)	(322,831)	(5)
6300	Research and development expenses	(127,866)	(2)	(92,184)	(2)
6300	Total operating expenses	628,738	10	643,205	11
	Net operating income	380,576	6	668,510	11
	Non-operating income and expenses:				
7010	Other income (Note (6)(r))	2,087	-	2,460	-
7020	Other gains and losses (Note (6)(r))	(7,634)	-	(17,300)	-
7370	Share of profit of associates and joint ventures accounted for using equity method	3,119,404	50	2,793,523	46
7050	Finance costs (Note (6)(r))	(34,400)	-	(27,005)	-
	Total non-operating income and expenses	3,079,457	50	2,751,678	46
7900	Profit before income tax	3,460,033	56	3,420,188	57
7950	Less: Tax expense	(669,076)	(11)	(649,833)	(11)
	Profit	2,790,957	45	2,770,355	46
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement from defined benefit plans	2,493	-	(29,655)	-
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	(424)	-	5,042	-
	Total items that will not be reclassified subsequently to profit or loss	2,069	-	(24,613)	-
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	(133,260)	(2)	(702,122)	(12)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	22,654	-	119,361	2
	Total items that will be reclassified subsequently to profit or loss	(110,606)	(2)	(582,761)	(10)
	Other comprehensive income after tax	(108,537)	(2)	(607,374)	(10)
	Total comprehensive income	<u>\$ 2,682,420</u>	<u>43</u>	<u>2,162,981</u>	<u>36</u>
	Basic earnings per share (Note (6)(o)) (dollars)	<u>\$ 8.74</u>		<u>8.70</u>	
	Diluted earnings per share (Note (6)(o)) (dollars)	<u>\$ 8.53</u>		<u>8.65</u>	

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings			Other Equity	Total
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	
Balance as of January 1, 2016	\$ 3,175,051	432,549	740,737	-	4,876,106	456,175	9,680,618
Profit for the years ended December 31, 2016	-	-	-	-	2,770,355	-	2,770,355
Other comprehensive income for the years ended December 31, 2016	-	-	-	-	(24,613)	(582,761)	(607,374)
Total comprehensive income for the years ended December 31, 2016	-	-	-	-	2,745,742	(582,761)	2,162,981
Earnings distribution:							
Legal reserve	-	-	238,924	-	(238,924)	-	-
Cash dividends	-	-	-	-	(1,367,929)	-	(1,367,929)
Issuance of shares for exercise of employee stock options	14,160	11,031	-	-	-	-	25,191
Recognized compensation costs on employee stock option	-	52	-	-	-	-	52
Balance as of December 31, 2016	3,189,211	443,632	979,661	-	6,014,995	(126,586)	10,500,913
Profit for the years ended December 31, 2017	-	-	-	-	2,790,957	-	2,790,957
Other comprehensive income for the years ended December 31, 2017	-	-	-	-	2,069	(110,606)	(108,537)
Total comprehensive income for the years ended December 31, 2017	-	-	-	-	2,793,026	(110,606)	2,682,420
Earnings distribution:							
Legal reserve	-	-	277,035	-	(277,035)	-	-
Special reserve	-	-	-	126,586	(126,586)	-	-
Cash dividends	-	-	-	-	(1,499,056)	-	(1,499,056)
Equity component of convertible bonds issued by the Company-arise from stock option	-	121,544	-	-	-	-	121,544
Conversion of convertible bonds	5,863	62,556	-	-	-	-	68,419
Conversion of convertible bonds to ordinary shares	-	(5,559)	-	-	-	-	(5,559)
Issuance of shares for exercise of employee stock options	1,450	1,595	-	-	-	-	3,045
Recognized compensation costs on employee stock option	-	(47)	-	-	-	-	(47)
Balance as of December 31, 2017	\$ 3,196,524	623,721	1,256,696	126,586	6,905,344	(237,192)	11,871,679

Note: For the years ended December 31, 2017 and 2016, rewards of directors of \$36,042 and \$35,627 and employees of \$108,126 and \$106,881, respectively, were estimated and recognized as current expense.

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	\$ 3,460,033	3,420,188
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	138,120	149,662
Amortization	2,006	1,537
Provision for doubtful accounts	400	6,519
Loss (profit) on financial assets or liabilities at fair value through profit or loss	(2,120)	1,968
Investment gains (losses) recognized under equity method	(3,119,404)	(2,793,523)
Interest expenses	18,789	27,005
Interest income	(2,087)	(2,460)
(Gains) loss from disposal and retirement of property, plant and equipment, net	331	(544)
Share-based payment	(47)	52
Discount amortization on convertible bonds convert to Interest expense	15,611	-
Total adjustments to reconcile net income to net cash provided by operating activities	<u>(2,948,401)</u>	<u>(2,609,784)</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(36,166)	(27,511)
Accounts receivable	145,959	(58,513)
Accounts receivable-related parties	(189,365)	(15,603)
Other receivables	(19,354)	11,298
Inventories	(139,402)	(88,867)
Deferred revenues	4,087	(20)
Other current assets	(6,107)	(6,532)
Other assets	12,924	(11,118)
Total changes in operating assets, net	<u>(227,424)</u>	<u>(196,866)</u>
Changes in operating liabilities, net:		
Accounts payable	148,628	5,794
Accounts payable-related parties	7,667	-
Other payable	88,586	89,458
Provision	(3,523)	14,749
Other current liabilities	378	(334)
Net defined benefit liabilities	(6,958)	(6,546)
Total changes in operating liabilities, net	<u>234,778</u>	<u>103,121</u>
Total changes in operating assets and liabilities, net	<u>7,354</u>	<u>(93,745)</u>
Total Adjustments	<u>(2,941,047)</u>	<u>(2,703,529)</u>
Cash inflow generated from operations	518,986	716,659
Interest received	1,964	2,506
Dividends received	2,819,181	1,758,157
Interests paid	(15,609)	(27,071)
Income taxes paid	(669,120)	(471,541)
Net cash provided by operating activities	<u>2,655,402</u>	<u>1,978,710</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(518,892)	(347,106)
Disposal of property, plant and equipment	144	1,935
Acquisition of intangible assets	(2,210)	(2,334)
Increase in guarantee deposits paid	1,487	(20)
Net cash used in investing activities	<u>(519,471)</u>	<u>(347,525)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	128,303	13,693
Proceeds from issuance of convertible bonds	1,500,000	-
Proceeds from long-term borrowings	750,000	-
Repayments from long-term borrowings	(1,975,000)	(311,300)
Increase in guarantee deposits paid	595	(26)
Dividends paid	(1,499,056)	(1,367,929)
Exercise of employee stock options	3,045	25,191
Net cash used in financing activities	<u>(1,092,113)</u>	<u>(1,640,371)</u>
Net increase in cash and cash equivalents	1,043,818	(9,186)
Cash and cash equivalents, beginning of year	644,037	653,223
Cash and cash equivalents, end of year	<u>\$ 1,687,855</u>	<u>644,037</u>

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

Attachment III

The Independent Auditors' Report by KPMG – consolidated report

To the Board of Directors of Elite Material Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Elite Material Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note 4(n) "Revenue" and Note 6(p) "Revenue" of the consolidated financial statements.

Description of key audit matter:

The recognition of revenue is based on the fact that the Group has transferred all its ownership and the significant risk of its products to the customers. The judgment on the arrival date of the products involves uncertainty under the FOB destination which is stated

in the sales contracts between the Group and the customers. The Group still needs to take the risk of the products before they are delivered to customers. Therefore, the recognition of revenue was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the accounting policies on the recognition timing of sales revenue and the appropriateness of related internal controls; testing the effectiveness of implementation of internal control ; performing cut-off test for recognition of revenue on the period before and after the reporting date to assess the rationality to the recognition timing of sales revenue.

2. Allowance for Inventory Valuation

Please refer to Note (4)(h) "Inventories" and Note (6)(d) "Inventories" of the consolidated financial statements.

Description of key audit matter:

The printed circuit board and other electronic components are the major products of the Group. Inventories have specific life cycle due to their attributes. Apart from this, the Group prepared certain amounts of security stock to meet the delivery date required by the customers. Inventories are stated at the lower of cost or net realizable value. Consequently, there may be situations that the net realizable value of inventory will exceed its cost. In addition, the Group would purchase the materials in advance for the expected sales orders. The cancellation or the change of orders, and the change of the material used or quantities of the material may lead to product obsolescence. Therefore, the recognition on allowance for inventory valuation and obsolescence loss was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the allowance for loss due to price decline, obsolete, and slow moving inventories to determine whether policy of the Group is applied; selecting samples to examine their net realizable values to verify the accuracy and completeness of inventory aging report; reassessing the accuracy of allowance for inventory valuation and obsolescence loss according to the Group's accounting policy; performing a retrospective review to evaluate the completeness of disclosure for allowance for inventories

Other Matter

Elite Material Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Ying-Ju Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2018

The Independent Auditors' Report by KPMG – parent-alone report

To the Board of Directors of Elite Material Co., Ltd.:

Opinion

We have audited the financial statements of Elite Material Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016, the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 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 the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. 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 the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Refer to Note 4(n) "Revenue" and Note 6(p) "Revenue" to the financial statements.

Description of key audit matter:

The recognition of revenue is based on the fact that the Company has transferred all its ownership and the significant risk of its products to the customers. The judgment on the arrival date of the products involves uncertainty under the FOB destination which is stated in the sales contracts between the Company and the customers. The Company still needs to take the risk of the products before they are delivered to customers. Therefore, the recognition of revenue was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the accounting policies on the recognition timing of sales revenue and the appropriateness of related internal controls; testing the effectiveness of implementation of internal control; performing cut-off test for recognition of revenue on the period before and after the balance sheet date to assess the rationality to the recognition timing of sales revenue.

2. Allowance for Inventory Valuation

Please refer to Note (4) (g) "Inventories" and Note (6) (d) "Inventories" of the financial statements.

Description of key audit matter:

The printed circuit board and other electronic components are the major products of the Company. Inventories have specific life cycle due to their attributes. Apart from this, the Company prepared certain amounts of security stock to meet the delivery date required by the customers. Inventories are stated at the lower of cost or net realizable value. Consequently, there may be situations that the net realizable value of inventory will exceed its cost. In addition, the Company would purchase the materials in advance for the expected sales orders. The cancellation or the change of orders, and the change of the material used or quantities of the material may lead to product obsolescence. Therefore, the recognition on allowance for inventory valuation and obsolescence loss was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the allowance for loss due to price decline, obsolete, and slow moving inventories to determine whether policy of the Company is applied; selecting samples to examine their net realizable values to verify the accuracy and completeness of inventory aging report; reassessing the accuracy of allowance for inventory valuation and obsolescence loss according to the Company's accounting policy; performing a retrospective review to evaluate the completeness of disclosure for allowance for inventories

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise 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 relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Ying-Ju Chen.

KPMG

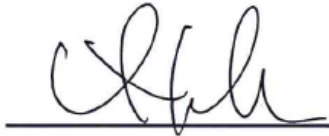
Taipei, Taiwan (Republic of China)
March 20, 2018

Attachment IV

Review report by the auditing committee

To the 2018 General Shareholders' Meeting of Elite Material Co., Ltd.,

In accordance with Article 219 of the Company Act, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, the Financial Statements submitted by the Board of Directors for the year ending 2017 which had been audited by independent auditors, Mr. Calvin C. Y. Chiang and Ms. Celia Chen of KPMG, and the auditing report signed by the said independent auditors, and found them in order. We thereby submit the report.



Yeh, Chia Hsiu

Convener of the auditing committee of Elite Material Co., Ltd.

20 March 2018

**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment V

Information of employees' compensation and Directors' remuneration in Year 2017

Unit: NT\$ Dollar	Year 2017
Earnings before tax, employee's compensation, and Directors' remuneration	\$ 3,604,200,824
Accumulated losses	-
Distributable earnings to employees and Directors	\$ 3,604,200,824
Employees' compensation (3% of the distributable earnings)	\$ 108,126,025
Directors' remuneration (1% of the distributable earnings)	\$ 36,042,008

The said employees' compensation and Directors' remuneration will be distributed in cash.

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Attachment VI

Information of the corporate bond issued in Year 2017

1. Type of corporate bond: Year 2017 domestic No. 4th unsecured convertible bond
2. Usage of proceeds: For the repayment of bank borrowings and for the needs of working capital
3. Total par value issued: NT Dollar 1,500 million
4. Key terms:
 - 1) Maturity: Five years, the bond is issued on 16th May 2017 and due on 16th May 2022
 - 2) Coupon rate: 0%

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Attachment VII

Elite Material Co., Ltd. Profit Allocation Proposal of Year 2017

Unit: NT dollar

Net income of 2017	2,790,957,134
Less:	
10% legal reserve	279,095,713
Special reserve of earnings	110,605,940
Plus:	
Unappropriated retained earnings of previous years	4,112,317,214
Other comprehensive gain (actuarial adjustment of defined benefit plan of Year 2017)	2,068,807
Earnings available for distribution as of 31 December 2016	6,515,641,502
Distribution items:	
Cash dividends to common share holders (NT\$4.8 per share)	1,534,331,798
Stock dividends to common share holders	-
(Cash dividend per common share is calculated based on a total number of shares outstanding of 319,652,458.)	
Total distribution	1,534,331,798
Unappropriated earnings	4,981,309,704

Note:

1. Pursuant to the Article 36 of Elite Material Co., Ltd. Articles of Incorporation, the distribution order of Year 2017 net income is prior to other distributable items.
2. The number of shares outstanding is decided based on the actual number of outstanding shares as of 20 March 2018.

Chairman & President: Dong, Ding-Yu

Director of Accounting Department: Sara Yen

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Attachment VIII

Overview of the Elite Material Co., Ltd. Bylaws on “Procedures of Capital Lending to Others” amendments

Article 2	Current Article	Proposed Changes	Reasons
	<p>The Procedures is made based on the <u>Executive Order [Order (91) Tai-Tsai-Zen (6) No. 0910161919] issued by the Securities and Futures Commission of Ministry of Finance on 18th December 2002, and has been amended based on the Executive Order [Order Jin-Guan-Zen-Shen-Zi No. 1010029874] issued by the Financial Supervisory Commission (hereinafter referred as “FSC”) on 6th July 2012.</u></p>	<p>The Procedures is made based on the <u>Article 36-1 of Stock Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred as ‘Regulations’)” promulgated by Financial Supervisory Commission (hereinafter referred as “FSC”).</u></p>	<p>Amended based on the updated regulations of the financial regulatory authority.</p>
Article 3	Current Article	Proposed Changes	Reasons
	<p>Unless otherwise under any of the following circumstances, the capital of a company shall not be lend to any shareholder of the Company or any other person:</p> <ol style="list-style-type: none"> 1) Those companies who have business relationships with the Company ("Business Partners"); and 2) Those companies, to whom the Company and its subsidiaries can provide endorsements and/or guarantees in accordance with the “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.”, have short-term financing needs ("Companies Seeking Short-Term Financing"). <p>"Companies Seeking Short-Term Financing" in (2) above refers to only:</p> <ol style="list-style-type: none"> 1) A company in which the Company directly and indirectly holds more than fifty per cent (50%) of the voting shares; and 2) A company that directly and indirectly holds more than fifty per cent (50%) of 	<p>Unless otherwise under any of the following circumstances, the capital of a company shall not be lend to any shareholder of the Company or any other person:</p> <ol style="list-style-type: none"> 1) Those companies who have business relationships with the Company ("Business Partners"); and 2) Those companies, to whom the Company and its subsidiaries can provide endorsements and/or guarantees in accordance with the “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.”, have short-term financing needs ("Companies Seeking Short-Term Financing"). 3) <u>Subsidiaries of the Company may provide loan to one another.</u> <p>"Companies Seeking Short-Term Financing" in (2) above refers to only:</p> <ol style="list-style-type: none"> 1) A company in which the Company directly and indirectly holds more than fifty per cent (50%) of the voting shares; and 2) A company that directly and indirectly holds more than fifty per cent (50%) of 	<p>Items 3 is added to clarify qualified borrowers.</p>

	the voting shares in the Company.	the voting shares in the Company.	
Article 4	Current Article	Proposed Changes	Reasons
	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <ol style="list-style-type: none"> 1) The total amount of loans extended by the Company to the Borrowers as set forth in Article 3 above shall not exceed thirty per cent (30%) of the net worth of the last period audited or reviewed by its accountants ("the Company's Latest Net Worth"). 2) The total amount of loans extended by the Company to the Business Partners shall not exceed the three per cent (3%) of the Company's Latest Net Worth. 3) The amount of a single loan extended by the Company to any of Companies Seeking Short-Term Financing shall not exceed ten percent (10%) of the Company's Latest Net Worth; the aggregate amount of such loans shall not exceed thirty per cent (30%) of the Company's Latest Net Worth. 	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <ol style="list-style-type: none"> 1) The total amount of loans extended by the Company to the Borrowers as set forth in Article 3 above shall not exceed thirty per cent (30%) of the net worth of the last period audited or reviewed by its accountants ("the Company's Latest Net Worth"). 2) The total amount of loans extended by the Company to the Business Partners shall not exceed the three per cent (3%) of the Company's Latest Net Worth. 3) The amount of a single loan extended by the Company to any of Companies Seeking Short-Term Financing shall not exceed ten percent (10%) of the Company's Latest Net Worth; the aggregate amount of such loans shall not exceed thirty per cent (30%) of the Company's Latest Net Worth. 4) <u>The total amount of linter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, one hundred per cent (100%) of the voting shares shall not exceed thirty per cent (30%) of the Company's Latest Net Worth.</u> 	<p>Items 4 is added to regulate a foreign company in which the Company directly and indirectly holds 100% of the voting shares.</p>
Article 5	Current Article	Proposed Changes	Reasons
	<p>The review and evaluation that shall be performed includes the followings:</p> <ol style="list-style-type: none"> 1) necessity and rationale of the loan; 2) the Borrowers' credit standing and risk evaluation; 3) impact on the Company's operation, financial condition and shareholders' interests; 4) whether collaterals are required and appraised values of such collaterals. 5) In the case of extending loans to the Business Partners, the business relationship shall be continuing for one year or more, and the total amount of loans extended shall not exceed fifty 	<p>The review and evaluation that shall be performed includes the followings:</p> <ol style="list-style-type: none"> 1) necessity and rationale of the loan; 2) the Borrowers' credit standing and risk evaluation; 3) impact on the Company's operation, financial condition and shareholders' interests; 4) whether collaterals are required and appraised values of such collaterals. 5) In the case of extending loans to the Business Partners, the business relationship shall be continuing for one year or more, and the total amount of loans extended shall not exceed fifty 	<p>Amending wordings to better define transactions.</p>

	<p>per cent (50%) of the <u>sales or transactions</u> contemplated by the parties in the most recent year, or three per cent (3%) of the Company's Latest Net Worth, whichever is lower.</p> <p>6) In the case of extending loans to Companies Seeking Short-Term Financing, the Borrowers are limited to the Company's subsidiaries which can still operate normally, and the purpose is limited for short-term financing needs, and the total amount shall not exceed ten per cent (10%) of the Company's Latest Net Worth.</p>	<p>per cent (50%) of the <u>sales or procurements</u> contemplated by the parties in the most recent year, or three per cent (3%) of the Company's Latest Net Worth, whichever is lower.</p> <p>6) In the case of extending loans to Companies Seeking Short-Term Financing, the Borrowers are limited to the Company's subsidiaries which can still operate normally, and the purpose is limited for short-term financing needs, and the total amount shall not exceed ten per cent (10%) of the Company's Latest Net Worth.</p>	
Article 6	Current Article	Proposed Changes	Reasons
	<p>(Items 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13 are not amended.)</p> <p>9) Disbursement of the Loan: Once a loan extended case is approved and the security procedures pursuant to the Procedures are implemented, which is checked and found no error by the Finance Department, <u>the loan may be disbursed to the Borrower by issuing a check.</u></p>	<p>(Items 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13 are not amended.)</p> <p>9) Disbursement of the Loan: Once a loan extended case is approved and the security procedures pursuant to the Procedures are implemented, which is checked and found no error by the Finance Department, <u>the loan may be disbursed to the Borrower.</u></p>	<p>Amending wordings to include other ways to disburse the loan in addition to issuing checks.</p>
Article 14	Current Article	Proposed Changes	Reasons
		<p>Control procedures for subsidiaries' loan extension:</p> <p>1) Subsidiaries of the Company proposing to extend loans to others shall prepare their respective procedures in compliance with the Regulations, and shall implement such procedures accordingly. Subsidiaries of the Company shall report the same to the Finance Department of the Company and the Finance Department of the Company will compile all procedures from subsidiaries for recordation.</p> <p>2) Subsidiaries of the Company shall submit, before the 8th day of each month, detailed statements of the loans extended as of the end of last month to the Company for review.</p>	<p>A newly-added Article to control loan extension of the Company's subsidiaries.</p>
Article 15	Current Article	Proposed Changes	Reasons
	The amendment of these Procedures	The amendment of these Procedures	Number of the

	<p>shall be approved by the Audit Committee, then resolved by the Board of Directors, then forwarded to the Shareholders' Meeting for approval. Directors' dissents recorded in the meeting minutes or written statements shall also be forwarded by the Company to the Audit Committee and Shareholders' Meeting for discussion.</p>	<p>shall be approved by the Audit Committee, then resolved by the Board of Directors, then forwarded to the Shareholders' Meeting for approval. Directors' dissents recorded in the meeting minutes or written statements shall also be forwarded by the Company to the Audit Committee and Shareholders' Meeting for discussion.</p>	<p>Article is amended while the content remains the same.</p>
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Attachment IX

Articles of Incorporation of Elite Material Co., Ltd.

As last amended on 13 March 2016

Chapter 1. General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called “台光電子材料股份有限公司” and “ELITE MATERIAL CO., LTD.” In English.

Article 2 The Company's businesses are as follows:

- 1) CC01080 Manufacturing of electronic components
- 2) CB01020 Manufacturing of business machines
- 3) CC01110 Manufacturing of computers and the peripherals
- 4) C801010 Basic chemical industry
- 5) C801990 Manufacturing of other chemical materials
- 6) C901990 Manufacturing of other non-metallic mineral products
- 7) F401010 International commerce
- 8) ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

Article 3 The Company may, where it businesses require, provide guarantee subject to approval of the Board of Directors.

Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Law, subject to approval of the Board of Directors.

Article 5 The Company is incorporated in Taoyuan City, Taiwan, the Republic of China. Other domestic and international branches may be established where it deems necessary.

Article 6 Deleted.

Chapter 2. Shares

Article 7 The Company's total capital shall be Four Billion New Taiwan Dollar

(NT\$4,000,000,000) divided into 400,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.

Out of the above total capital amount, One Hundred and Fifty Million New Taiwan Dollar (NT\$150,000,000) shall be divided into 15,000,000 shares of NT\$10 each, to be issued as stock options for employees to subscribe.

Article 7-1 The Company may issue employees' stock options with an exercise price lower than the prevailing market price of the ordinary shares, provided such issue is approved by a resolution of the Shareholders' Meeting, and the resolution shall be made with more than half of the total amount of shareholders with issued share present, and with the agreement of more than two third of the agreement of the shareholders present. The issue of the employees' stock options can be carried out at different stages within one year effective from the day proposal resolved by the Shareholders' Meeting.

Article 7-2 Should the Company buy back shares, it may resell those shares to employees at an price lower than the average buy-back price, provided, the resell shall be approved by a resolution at the upcoming Shareholders' Meeting, and the resolution shall be made with more than half of the total amount of shareholders with issued share presented, and with the agreement of more than two third of the agreement of the shareholders presented.

Article 8 The Company's share certificates shall be assigned with serial numbers, and shall be issued following the signatures or seals by three (3) Directors or more and the authentication by the relevant authorities or the registration organizations as approved by the authorities in compliance with law.

Article 8-1 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises.

Article 9 The shareholders shall register the real name/title and address/domicile at the shareholders' roster with the sample of the seal at the Company as the seal shall be considered as a certificate. If the shareholder's seal is lost or destroyed, the shareholder shall immediately notify the Company in written notification, and thereafter, the shareholder shall publicly announce the invalidation of the seal at newspapers circulating the location of the Company headquarters, and apply for the renewal of the seal to the Company.

Article 10 In terms of the stock certificates assignment/transfer of the Company, the assignor/transferor shall endorse at the stock certificates and register the name of the assignee at the certificates, and fill the stock transfer application form. After the Company registers the assignee's name and residential address at the

shareholders' roster, the transfer shall be considered as accomplished. Assignment/transfer of shares shall not be set up as a defense against the Company, unless name/title and residence/domicile of the assignee/transferee have been recorded in the shareholders' roster.

Article 11 In case that the stock certificate is lost, destroyed or not being able to identify, matters about renewal or re-issuance of a new stock certificate shall be dealt with according to the provisions of "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 12 The Company may charge a fee depending on the costs for matters such as the change the owner's name, the transfer of ownership, the re-issuance, or the replacement of a stock certificate.

Article 13 Registration of share transfer shall be closed within sixty (60) days prior to General Shareholders' Meeting, or within thirty (30) days prior to Extraordinary Shareholders' Meeting or within five (5) days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3. Shareholders' Meeting

Article 14 The Company's Shareholders' Meeting is divided into two types: ordinary and extraordinary meetings. The ordinary meeting is convened at least once every year in compliance with the regulation within six months after the end of the every fiscal year. The extraordinary meeting shall be convened when necessary.

Article 15 The procedure and execution matters at the Shareholders' Meeting are the following:

- 1) Formulation and amendment of the Articles of Incorporation.
- 2) Election of Directors.
- 3) The review and examination of the reports prepared by the Board of Directors and the auditing report prepared by the Audit Committee.
- 4) The decision to increase or decrease capital.
- 5) Resolution to allocate earnings and dividends.
- 6) Resolution of other important matters.

Article 16 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice thirty (30) days before the General Shareholders' Meeting and fifteen (15) days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the Shareholders' Meeting.

Article 17 Unless otherwise stipulated by the Company Act, a quorum shall be present at the Shareholders' Meeting if shareholders representing more than half of the shares issued by the Company are in attendance, and resolutions at the said assembly shall be passed if approved by a majority of the shareholders in attendance. Pursuant to the regulations of the competent authority, the Company's shareholders may exercise the voting right via electronic transmission, and shall be deemed to have attended the said shareholders' meeting in person. Matters about electronic voting shall comply with all relevant laws and regulations. When the number of shareholders present does not constitute the quorum prescribed in this article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' Meeting within one month. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be an officially approved resolution.

Article 18 Except in the circumstances set forth in Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 19 Shareholders may by way of power of attorney stamped with the seal of the Company appoint proxies to attend the said Shareholders' Meeting. 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 five (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. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included. The person who acts as the proxy need not to be a shareholder of the Company.

Article 20 The Chairman of Board shall be the Chairman of the meeting in Shareholders Meeting convened by the Board of Directors. In case the Chairman is absent or cannot exercise the powers, the Vice Chairman shall act in behalf of it. In case the Chairman and the Vice Chairman are absent and cannot exercise the powers, the Chairman shall assign a Director to act in behalf of it. If the Chairman does

not assign any agent, the Directors shall assign one person to act in behalf of it.

Article 21 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 preparation and distribution of the minutes of Shareholders' Meeting as aforesaid may be effected by means of public notice. 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, together with the register of shareholders' attendance and the proxies' powers of attorney, shall be kept persistently throughout the life of the company.

Chapter 4. Directors

Article 22 There shall be seven (7) to nine (9) Directors of the Company, who are elected and appointed from the persons with disposing capacity at the Shareholders' Meeting.

There shall be three (3) Independent Directors among the total number of Directors in the preceding paragraph.

Directors shall be elected from among the nominees listed in the roster of director candidates by adopting the candidate nomination system specified in Article 192-1 of Company Act. The election of Directors and Independent Directors shall be pursued according to the number of position required and shall be held together; provided, however, that the Independent and non-Independent Directors elected shall be calculated separately.

Article 22-1 In compliance with Article 14-4 of Securities and Exchange Act, the Company shall establish the Audit Committee comprising of all Independent Directors. The Committee, to substitute Supervisors, shall perform the duties specified in the Company Act, the Securities and Exchange Act, and other laws and regulations.

Matters about members, powers and authorities, and other relevant functional procedures of the Audit Committee shall comply with relevant laws, regulations, and the Company's Articles and Procedures. The rules of organization of the Audit Committee shall be established otherwise by the Board of Directors.

Article 23 The respective appointments of Directors are for a period of 3 years. They may be reappointed following their re-election. In case no election of new Directors is effected after expiration of the term of office of existing directors, the term of office of out-going Directors shall be extended until the time new Directors have been

elected and assumed their office. However, the competent authority may, ex officio, order the company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.

Article 24 The authorities that the Board of Directors may exercise and the business it may conduct are as follows:

- 1) Resolve to propose amendment of the Articles of Incorporation and to approve important procedures and rules.
- 2) To approve the establishment and abolition of business branch(es).
- 3) The approval of annual financial budget, the examination of financial statements, and the review, supervision and implementation of the annual business plan.
- 4) Resolve to propose earnings distribution, loss make-up, capital increase, or capital reduction.
- 5) Resolve to approve the investment on other businesses by the Company, and the acquisition of equity shares of others.
- 6) To appoint and discharge the certified public accountants of the Company.
- 7) To propose the transfer of the right of dien, selling, rental, pledge, mortgage or any other action to the whole or material parts of the Company's property or business.
- 8) To approve the financing application from, providing guarantee to, make acceptance payment to, make capital lending to or borrowing from financial institutions and any other third parties with a total amount of NT\$ Twenty Million or more. When the total dollar amount is less than NT\$ Twenty Million for the aforesaid business activities, the person-in-charge may execute in advance; however, shall report to the most upcoming meeting of the Board of Directors. Any monetary payment for a single purpose shall not be divided and made directly to avoid the examination of the Board of Directors.
- 9) To approve the capital expenditure, being included in the annual budget, of which the total amount is NT\$ Fifty Million or more and the capital expenditure, not being included in the annual budget, of which the total amount is NT\$ Ten Million or more. For capital expenditure of which the total amount is more than NT\$ Five Million and less than NT\$ Ten Million, the person-in-charge may make the payment in advance; however, shall report to the most upcoming meeting of the Board of Directors. Any capital expenditure payment made for a single purpose shall not be divided and made directly to avoid the examination of the Board of Directors.
- 10) To approve the endorsement/guarantee provided and make acceptance payment in the name of the Company, of which the total amount is NT\$ Ten Million or more.
- 11) To approve the signing of contracts of which the validness will sustain for one year or more and of which the total contemplated amount is NT\$ Fifty Million

or more.

- 12) To approve major transactions between the Company and the related parties including affiliated enterprises.
- 13) To hire and dismiss the managerial personal with a level of Vice General Manager or higher for the Company.
- 14) To approve the acquisition, transfer, and authorization of the proprietary technologies, patents, trademarks, and copyrights, and to approve, amend, and terminate the contracts for technology cooperation.
- 15) Other powers and duties being authorized by laws, the Articles of Incorporation, and resolutions of the Shareholders' Meetings.

Article 25 The Board of Directors of the Company shall comprise all directors. A Chairman and a Vice Chairman to externally represent the Company shall be elected from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The duties and powers of Chairman and Vice Chairman shall comply with laws, the Articles of Incorporation, and resolutions of Board of Directors meetings and Shareholders' Meetings.

Article 26 Meetings of the Board of Directors shall be convened in compliance with the Company Act. A written notice of convening meetings shall be given to each Director by mail, fax, or electronic transmission.

The Chairman of the Board of Directors shall internally preside the meeting of the Board of Directors. 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. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.

Article 27 Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance.

When the number of vacancies in the Board of Directors of a company equals to one third of the total number of Directors, the Board of Directors shall call, within sixty (60) days, a special meeting of shareholders to elect succeeding Directors to fill the vacancies.

Article 28 When a Director is unable to personally attend the meeting of the Board of Directors, s/he may entrust another Director to represent her/him with a written proxy and therein the scope of authority with reference to the subjects to be discussed at the meeting is stated. A Director may accept the appointment to act as the proxy referred to in the paragraph of one other Director only. In case a

meeting of the board of directors is 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.

Article 29 Deleted.

Article 30 Deleted.

Article 31 The remunerations of Chairman, Vice Chairman, and Directors who conduct the Company businesses are authorized the Board of Directors to determine, with reference to the levels of similar domestic and international industries.

Article 32 Upon the request of the Board of Directors, managerial personnel may attend meetings of the Board of Directors. Except Directors, attendees of meetings of the Board of Directors may not have voting rights.

Article 32-1 Liability insurance programs covering the Chairman, the Vice Chairman, and each Director may be purchased by the Company.

Chapter 5. Managers

Article 33 The Company may have managerial personnel. The appointment, dismissal, and compensation of managerial personnel shall comply with Article 29 of the Company Act.

Article 34 The President and General Managers of the Company shall not do anything for himself/herself/themselves or on behalf of another person that is within the scope of the company's business.

Chapter 6. Accounting

Article 35 At the end of fiscal year of the Company, the Board of Directors shall in accordance with law furnish 1) business reports; 2) financial statements; 3) profits distribution or loss makeup proposal and various documents and statements, and the same shall be submitted for approval at the General Shareholders' Meeting.

Article 36 The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the financial situation and the return on shareholders' equity that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these Articles of

Incorporation aimed at maintaining the stability of dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing dividends, the cash dividends shall not be less than twenty per cent (20%) of the aggregate sum of dividends distributed in the same year. During the year losses occur, the Company may choose not to pay dividends.

Apart from paying all its income taxes in the case where there are profits at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, ten per cent (10%) of which shall be set aside by the Company as legal reserve. The Company shall also set aside certain portion of the profits as special reserve as required by Article 41 of the Securities and Stock Exchange Act, or by resolutions of Shareholders' Meetings.

While the Company distributes earnings to the shareholders, the paid-out amount shall be more than ten per cent (10%) but less than seventy per cent (70%) of the distributable earnings, which equals to earnings realized after deducting legal, special and all other required reserves, but together with undistributed profits from previous years.

Depending on the business operating results, the earnings to be distributed to shareholders shall be proposed by the Board of Directors, and submitted to the Shareholders' Meeting and decided by the resolution from in the Shareholder's Meeting.

Judging from the actual business circumstances, the Board of Directors may propose to adjust the amount of earnings to be distributed to shareholders, and submit to the Shareholders' Meetings for the resolution to distribute.

Article 36-1 In case the Company makes profits for the year, three per cent (3%) shall be allocated for the employees compensation, and no more than one point two per cent (1.2%) for the remuneration of Directors. However, in case there are accumulated losses carried on the accounting book of the Company, profits shall be reserved for the make-up of accumulated losses before distribution.

In case shares or cash is distributed as employees' compensation, those employees can be distributed shall include the employees of affiliated enterprises meeting certain criteria. The distribution method shall otherwise be formed by the Board of Directors.

Chapter 7. Supplementary

Article 37 All matters not covered herein shall be undertaken in accordance with the Company Act of the Republic of China and the other relevant law and regulations.

Article 38 These Articles of Incorporation were drafted on February 25th 1992, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the shareholders' meetings.

First amendment on March 12th, 1992,
Second amendment on January 5th, 1993,
Third amendment on July 7th, 1993,
Fourth amendment on January 23rd, 1995,
Fifth amendment on December 15th, 1995,
Sixth amendment on May 17th, 1996,
Seventh amendment on May 30th, 1997,
Eighth amendment on July 30th, 1997,
Ninth amendment on May 28th, 1999,
Tenth amendment on May 16th, 2000,
Eleventh amendment on May 25th, 2001,
Twelfth amendment on June 11th, 2002,
Thirteenth amendment on November 12th, 2003,
Fourteenth amendment on November 12th, 2004,
Fifteenth amendment on June 29th, 2005,
Sixteenth amendment on June 15th, 2006,
Seventeenth amendment on June 13th, 2007,
Eighteenth amendment on June 13th, 2008,
Nineteenth amendment on June 16th, 2009,
Twentieth amendment on June 14th, 2010,
Twenty-first amendment on June 13th, 2012
Twenty-second amendment on June 15th, 2015, and
Twenty-third amendment on June 13th, 2016.

**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment X

Meeting Rules of Stockholders of Elite Material Co., Ltd.

As last amended on 13 March 2016

1. Purpose: The meeting rules of stockholders (hereinafter as “Rules”) is to specify related matters for the Annual General Shareholders’ Meetings and the Extraordinary Shareholders’ Meetings.
2. Scope of application: General Shareholders’ Meeting and Extraordinary Shareholders’ Meetings.
3. Rules of Procedure:

- 1) The Company’s Shareholders’ Meeting shall follow these “Rules” unless it is otherwise regulated by law and regulations.
- 2) A signature book shall be provided for the shareholders who attend the Shareholders’ Meeting for signature, or the shareholders who attend the Shareholders Meeting shall hand in signed attendance cards in replacement of the signature. The number of attending shares shall be calculated with the signature book or the attendance cards. When Shareholders’ Meeting is convened, the voting power of a shareholder 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/its voting power at a Shareholders Meeting in writing or by way of electronic transmission as set forth in this Paragraph shall be deemed to have attended the said Shareholders' Meeting in person, but shall be deemed to have waived his/her/its 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.

The attendance of the shareholders at the meeting shall be calculated on the basis of shares. The total number of attending shares shall be calculated with the number of shares represented by attendance cards together with the number of shares of which shareholders exercising voting power via the electronic transmission.

- 3) The shareholder’s presence and voting shall be calculated with the number of

shares. The total number of attending shares shall be calculated with the number of shares represented by attendance cards together with the number of shares of which shareholders exercising voting power via the electronic transmission.

- 4) The location for Stockholders' Meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

For a Shareholders' Meeting convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the meeting. If the Chairman of the Board of Directors is on leave or unable to exert the rights, the Vice Chairman of the Board of Directors shall preside instead. If the position of Vice Chairman is vacant or the Vice Chairman is on leave or unable to exert the rights, the Chairman of the Board of Directors shall designate a Managing Director to preside at the meeting. If the position of Managing Director is vacant, the Chairman shall designate a Director to preside at the meeting. If no director is so designated, the Chairman of the meeting shall be elected by the Board of Directors from among themselves.

For a Shareholders' Meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting.

- 5) The Company may appoint lawyers, accountants or related personnel to attend the Shareholders' Meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

- 6) The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

- 7) The chairperson shall announce starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present, according to Paragraph 1 of Article 175 of the Company Act.

According to Article 174 of the Company Act, after proceeding with the aforesaid tentative resolutions, the chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending stockholders (or proxies) reached the legal quorum.

- 8) If the Shareholders' Meeting is convened by the Board of Directors, the agenda shall be designated by the Board of Directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, other than the Board of Directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis.

Except with stockholders' resolution, the chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded.

When the meeting is adjourned by resolution, the stockholders shall not elect another chairperson to continue the meeting at the same location or another venue. During the meeting, if the chairperson declares adjournment of the meeting in violation of the Rules, a new chairperson 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.

- 9) The stockholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session.

No statement will be considered to have been made if the stockholder (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

When a stockholder (or proxy) is speaking, other stockholder (or proxy) shall not interrupt without consent of the chairperson and the speaking stockholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the chairperson.

- 10) For the same proposal, each person shall not speak more than two (2) times. The lasting period for the said person to speak each time shall be limited to 5 minutes. The chairperson may restrain stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.
- 11) When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting. If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak for the same proposal.
- 12) After speaking by the attending stockholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.

- 13) Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed. For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.
- 14) The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the chairperson. The person responsible for vote overseeing shall be of the stockholder status. The results of voting shall be reported on the spot and kept for records.
- 15) During the meeting, the chairperson may at his/her discretion declare time for break.
- 16) In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.

When proposals are put to vote, the Chairman may decide to adopt to vote-by-case, or vote at one or different stages and counted respectively for each of the items (including the election).
- 17) If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.
- 18) The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.
- 19) The Rules herein take effect after approval at the Shareholders' Meeting, the same applies for any amendments.

**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment XI

Procedures of Capital Lending to Others of Elite Material Co., Ltd.

As last amended on 13 June 2017

Article 1 All capital lending to others by the Company and its subsidiaries shall be in compliance with these "Procedures of Capital Lending to Others" ("Procedures").

Article 2 The Procedures is made based on the Executive Order [Order (91) Tai-Tsai-Zen (6) No. 0910161919] issued by the Securities and Futures Commission of Ministry of Finance on 18th December 2002, and has been amended based on the Executive Order [Order Jin-Guan-Zen-Shen-Zi No. 1010029874] issued by the Financial Supervisory Commission (hereinafter referred as "FSC") on 6th July 2012.

Article 3 Unless otherwise under any of the following circumstances, the capital of a company shall not be lend to any shareholder of the Company or any other person:

- 1) Those companies who have business relationships with the Company ("Business Partners"); and
- 2) Those companies, to whom the Company and its subsidiaries can provide endorsements and/or guarantees in accordance with the "Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.", have short-term financing needs ("Companies Seeking Short-Term Financing").

"Companies Seeking Short-Term Financing" in (2) above refers to only:

- 1) A company in which the Company directly and indirectly holds more than fifty per cent (50%) of the voting shares; and
- 2) A company that directly and indirectly holds more than fifty per cent (50%) of the voting shares in the Company.

Article 4 Limits on the Total Amount of Lending and Respective Subjects:

- 1) The total amount of loans extended by the Company to the Borrowers as set forth in Article 3 above shall not exceed thirty per cent (30%) of the net worth of the last period audited or reviewed by its accountants ("the Company's Latest Net Worth").
- 2) The total amount of loans extended by the Company to the Business Partners shall not exceed the three per cent (3%) of the Company's Latest Net Worth.
- 3) The amount of a single loan extended by the Company to any of Companies Seeking Short-Term Financing shall not exceed ten percent (10%) of the Company's Latest Net Worth; the aggregate amount of such loans shall not

exceed thirty per cent (30%) of the Company's Latest Net Worth.

- Article 5 The review and evaluation that shall be performed includes the followings:
- 1) necessity and rationale of the loan;
 - 2) the Borrowers' credit standing and risk evaluation;
 - 3) impact on the Company's operation, financial condition and shareholders' interests;
 - 4) whether collaterals are required and appraised values of such collaterals.
 - 5) In the case of extending loans to the Business Partners, the business relationship shall be continuing for one year or more, and the total amount of loans extended shall not exceed fifty per cent (50%) of the sales or transactions contemplated by the parties in the most recent year, or three per cent (3%) of the Company's Latest Net Worth, whichever is lower.
 - 6) In the case of extending loans to Companies Seeking Short-Term Financing, the Borrowers are limited to the Company's subsidiaries which can still operate normally, and the purpose is limited for short-term financing needs, and the total amount shall not exceed ten per cent (10%) of the Company's Latest Net Worth.

- Article 6 Processes for capital lending to others shall include:
- 1) Application: When any Borrower submits its loan application to the Company, the person-in-charge shall make the initial contact and obtain preliminary understanding of the purpose of the loan, and the most recent operating situation and financial status of the borrower. For feasible cases, the meeting minutes shall hence be taken to submit to the President for approval.
 - 2) Credit investigation:
 - a. Finance Department shall collect, analyze and evaluate the credibility status, operating situation, financial position and solvency of the Borrower, and then prepare and submit the evaluation report to the Board of Directors as the reference for risk assessment.
 - b. Frequency of credit investigation:
 - i. For the first-time loan application, the Borrower shall present requisite basic information, financial data and the application to the Company, so as the person-in-charge may perform the credit investigation.
 - ii. For Borrowers who intend to re-finance the loan before the date of repayment, the credit check shall in principle be performed once a year. In the event of a material case, depending on the actual needs, the credit check shall herein be conducted every half year.
 - iii. Provided that the Borrower is of good financial position, and its annual financial statements are reviewed and certified by its appointed Certified Public Accountants, the credit check evaluation report prepared during previous two years, combined with the reviewed and certified financial statements, can be adopted and submitted to the

Board of Directors for the purpose of re-financing the loan.

- 3) Notification of loan approval or disapproval:
 - a. After the credit check and evaluation, if the ability of Borrower to service the loan is less than satisfactory and, therefore, the loan application shall be disapproved, the person-in-charge shall submit the reason of disapproval for ratification, and thereupon promptly notify the Borrower.
 - b. For the loan application approved after evaluating the solvency of Borrower, the person-in-charge shall prepare an evaluation report, in which the reason of approval and drafted terms of the loan shall be included, to submit progressively up to the President for ratification.

- 4) Resolutions of Board of Directors:

The loan application ratified by the President shall receive consent from the Audit Committee, and thereafter, submit to the Board of Directors for approval. The loan can be disbursed only approval is granted by a resolution of a Board of Directors meeting.

When handling loans extended by the Company to its subsidiaries, or loans extended by the Company's subsidiaries to one another, the procedure mentioned in the preceding paragraph shall apply, and shall be resolved by the Board of Directors. For the same Borrower, the Board of Directors may authorize the Chairman to grant multiple drawdown or revolving credit to the said Borrower within one year, provided the total drawdown does not exceed the limit resolved by the Board of Directors. When a loan extended by the Company or its subsidiaries to an individual Borrower, the limit on the aforesaid total amount shall not exceed 10 per cent (10%) of the said Borrower's net worth of the last period financial report audited or reviewed by its accountants.

The Board of Directors shall take into account the opinions of the Independent Directors and furthermore record in the minutes of such meetings the Independent Directors' consenting or dissenting opinions and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.

- 5) Notice to the Borrower:

Upon approval of a loan case, the person-in-charge shall promptly inform the borrower by written notice, telecom, or internet, and describe in detail the Company's terms of loans to be disbursed, including the amount, maturity date, interest rate, requirements of collateral and guarantor. The Borrower shall, within the time limit, sign the loan agreement and carry out the procedures to create a pledge (or mortgage) on the collateral and for verification and signing of the guarantor, as grounds for disbursing the funds.

- 6) Contract Signing and Identity Verification:

- a. The person-in-charge for the loan case shall draw up the terms and conditions of the loan agreement. With the ratification by the supervisory

personnel and forwarding to the legal consultants for review and verification, the agreement shall proceed with the signing procedures.

- b. The content of the loan agreement shall conform to the terms and conditions approved for the loan. After signing the loan agreement by the Borrowers and the joint guarantors, the person-in-charge shall complete the procedures of identity verification.

7) Collateral Registration:

When collateral is required to secure the loan, the Borrowers shall provide such collateral and fulfill the legal procedures for mortgage and/or lien to protect the Company's interest.

8) Insurance:

- a. All collateral, except land and securities, shall be covered by fire (property damage) insurance. For vehicles, comprehensive insurance shall be procured. The insured amount shall, in principle, be not less than the appraised value of the collateral. The Company shall be named as the beneficiary of the insurance. The insured object, quantity, location of storage, coverage conditions and endorsements must be consistent with the requirements of the Company.
- b. The person-in-charge shall be mindful of the duration of the insurance. Notice shall be made to the Borrowers to re-new the insurance before its expiration.

9) Disbursement of the Loan:

Once a loan extended case is approved and the security procedures pursuant to the Procedures are implemented, which is checked and found no error by the Finance Department, the loan may be disbursed to the Borrower by issuing a check.

10) Loan term, maturity and interest calculation

- a. The term of loans extended by the Company shall not exceed one year. Upon borrowing, the repayment date shall be specified.
- b. Interest for short term financing shall be calculated on the agreed rate basis which rate is subject to adjustment depending on the costs of fund of the Company and lending rate quoted by commercial banks. Interest receivable shall be collected on monthly basis; where the period is less than one month, the interest receivable shall be calculated based on one full month.

11) Repayment of loan:

- a. Following drawdown of the loans, the Company shall constantly monitor the financial, business and the relevant credit conditions of the Borrowers and guarantor. Where collateral has been provided, the company shall also monitor the change in the value of the said collateral. Two months before the maturity date, the person-in-charge shall write to notify the

Borrowers to repay the principal amount of the loan and interest accrued on the repayment date, and that extension of repayment is not permitted.

- b. The Borrowers shall immediately repay the principal amount and interest accrued when the loan becomes due and payable. Only then can the relevant evidence of claim such as collateral, IOU and the contract be revoked and returned to the Borrowers.

12) Deleted.

13) Document Filing of the Loan Cases:

For loan cases handled by the person-in-charge, after the loan disbursement, the relevant evidence of claim such as the contract, promissory note, et cetera, together with the collateral document, insurance policy and correspondence papers shall be filed in order and placed inside the keeping bags. A note of the filed content and the name of the client shall be specified on the bags, submitted to the supervisory personnel for inspection, and sealed accordingly if inspected no error. On the perforation, the seal certification of the person-in-charge and the supervisory personnel shall be stamped. After registering on the registration transcript for safekeeping items, the filed documents shall be archived.

Article 7 The Company shall maintain accounts books for loan extension setting out in details the subjects of loans, their amount, date of approval by the Audit Committee, date of approval by the Board of Directors, loan drawdown date and results of evaluation as required under Article 5 above.

Article 8 The Company's internal audit department shall conduct at least a quarterly audit of these Procedures and status of implementation and make written records in details. In the event of major irregularities, the internal audit department shall inform the Audit Committee of the same.

Article 9 Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures, as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Audit Committee. Rectification shall be completed within the time frame stipulated in improvement plans.

According to these Procedures, the matters shall be approved by the Audit Committee, if the matters have not been approved by more than half members of all Audit Committee members, the matters shall be approved by the Board of Directors with two-thirds of all Directors and the resolution of Audit Committee shall be recorded in the Board of Directors minutes. The Audit Committee members and the Board of Directors members as stated will only calculate the members in present position.

Article 10 The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month. The "publish and report" referred to herein shall be those entered into the website designated by the FSC for reporting information.

Article 11 When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within two (2) days commencing immediately from the date of occurrence:

- 1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the Company's Latest Net Worth; or
- 2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Company's Latest Net Worth; or
- 3) Any additional individual loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of the Company's Latest Net Worth.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to item 3 of the preceding paragraph.

"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

The financial reports of the Company are prepared according to IFRSs, the net worth in the Procedures is referred to the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 12 The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the chartered accountants with relevant materials for them to carry out the necessary audit processes.

Article 13 The Company shall extend loans in compliance with the Regulations issued by the Securities and Futures Commission and these Procedures. In the event that any managers or person undertaking the matters with respect herewith are found to be in breach of provisions herein in material aspect or causing damage to the Company, the Company shall discipline the said persons in accordance with the internal rules on employee reward and punishments and the relevant personnel regulations.

Article 14 The amendment of these Procedures shall be approved by the Audit Committee, then resolved by the Board of Directors, then forwarded to the Shareholders'

Meeting for approval. Directors' dissents recorded in the meeting minutes or written statements shall also be forwarded by the Company to the Audit Committee and Shareholders' Meeting for discussion.

**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment XII

Current shareholding of Directors and Independent Directors

Book closure date: 16 April 2018

Position	Name of persons or companies	Date elected	Term (Years)	Shareholding when elected		Current shareholding	
				Share	%	Share	%
Chairman	Dong, Ding-Yu	25 June 2016	3	5,265,766	1.65	5,265,766	1.65
	Yu Chang Investment Co., Ltd.			25,461,477	8.00	25,471,477	7.97
Vice Chairman	Representative appointed: Tsai, Fei Liang	25 June 2016	3	1,775,244	0.56	970,244	0.30
	Yu Chang Investment Co., Ltd.			25,461,477	8.00	25,471,477	7.97
Director	Representative appointed: Lee, Wen Shiung	25 June 2016	3	0	0.00	0	0.00
Director	Hsieh, Mon Chong	25 June 2016	3	0	0.00	0	0.00
Independent Director	Yeh, Chia Hsiu	25 June 2016	3	0	0.00	0	0.00
Independent Director	Shen, Bing	25 June 2016	3	0	0.00	0	0.00
Independent Director	Chen, Xiang Sheng	25 June 2016	3	0	0.00	3,000	0.00