

Year 2019

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

Date: 10 June 2019

Time: 9:00am Taipei time

Place: No. 18, Datong 1st Road,

Guanyin District, Taoyuan City

Taiwan

Contents

A. Meeting agenda	3
B. Reporting Items	4
I. Year 2018 business report and financial statements.....	4
II. Review report by the Audit Committee	4
III. Year 2018 employees' compensation and Directors' remuneration	4
C. Proposed resolutions	5
I. To accept the Year 2018 business report and financial statements.....	5
II. To approve the proposal for distribution of 2018 profits	5
III. To approve amending the company bylaw of "Procedures of Capital Lending to Others of Elite Material Co., Ltd."	5
IV. To approve amending the company bylaw of "Procedures of Endorsements and Guarantees of Elite Material Co., Ltd."	6
V. To approve amending the company bylaw of "Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd."	6
VI. To approve amending the company bylaw of "Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd	7
VII. To elect Directors (including Independent Directors) of Elite Material Co., Ltd	7
VIII. To approve the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Act.....	9
D. Extemporary motion	11
E. Attachments.....	12
I. Year 2018 business report.....	12
II. Year 2018 financial statements	16
III. The independent auditors' audit report by KPMG	24
IV. The review report by the Audit Committee	32
V. Information about the Year 2018 employees' compensation and the Directors' remuneration.....	33
VI. Proposal for distribution of 2018 profits.....	34
VII. Overview of "Procedures of Capital Lending to Others of Elite Material Co., Ltd." Amendments	35
VIII. Overview of "Procedures of Endorsements and Guarantees of Elite Material Co., Ltd."	46
IX. Overview of "Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd."	51
X. Overview of "Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd."	69
F. General information.....	73

I. Articles of Incorporation of Elite Material Co., Ltd	73
II. Meeting rules of Stockholders of Elite Material Co., Ltd.....	83
III. Election procedures of Directors and Independent Directors of Elite Material Co., Ltd	87
IV. Procedures of Capital Lending to Others of Elite Material Co., Ltd. (Before amendments)	89
V. Procedures of Endorsements and Guarantees of Elite Material Co., Ltd. (Before amendments)	96
VI. Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd. (Before amendments)	102
VII. Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd. (Before amendments)	117
VIII. Current shareholding of Directors and Independent Directors.....	122

**Meeting Agenda
for
2019 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 2018 business operations and financial statements
 - b. Review report of Year 2018 business operations and financial statements by the Audit Committee
 - c. Year 2018 employees' compensation and Directors' remuneration
- 5. To discuss and approve proposed resolutions, and election of Directors (including Independent Directors)**
 - a. To accept the Year 2018 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."
 - d. To approve amending the company bylaw of "Procedures of Endorsements and Guarantees of Elite Material Co., Ltd."
 - e. To approve amending the company bylaw of "Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd."
 - f. To approve amending the company by law of "Procedures to Engage into Transactions of Financial Derivative Products of Elite Material Co., Ltd."
 - g. To elect Directors (including Independent Directors) of Elite Material Co., Ltd.
 - h. To approve the release of relevant Directors from non-competition restriction under the Article 209 of the Company Act
- 6. Extemporary motion**
- 7. Meeting adjourned**

Reporting Items

1. To report Year 2018 business operations and financial statements

The Year 2018 business report is attached as Attachment I. The 2018 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: <https://www.emctw.com/en-global/report/index>; or at the website of MOPS operated by the Taiwan Stock Exchange: <http://mops.twse.com.tw>

2. To report review results of Year 2018 business operations and financial statements by the Audit 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.

Proposed resolutions

1. To accept the Year 2018 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of the Year 2018 business report and financial statements.

Explanatory Notes:

- i. EMC's Year 2018 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 15th 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 2018 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 2018 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2018 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$1,214,679,340. Each common share holder will be entitled to receive a cash dividend of NT\$3.8 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 Security Act 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 2018 profit allocation proposal is attached as Attachment VI.
- vi. Please approve the aforesaid proposal for the distribution of 2018 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 “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Letter issued by Financial Supervisory Commission (Letter No. Zhen-Shen-Zhi 1080304826), it is proposed that Articles 1, 2, 4, 5, 6, 8, 9, 11, and 14 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 VII.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.

4. To approve amending the company bylaw of “Procedures of Guarantees and Endorsements 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 “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Letter issued by Financial Supervisory Commission (Letter No. Zhen-Shen-Zhi 1080304826), it is proposed that Articles 1, 2, 3, 7, and 9 of the company bylaw of “Procedures of Guarantees and Endorsements of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures of Guarantees and Endorsements 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.

5. To approve amending the company bylaw of “Procedures of Acquisition and Disposition of Assets 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 “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the Letter issued by Financial Supervisory Commission (Letter No. Zhen-Fa-Zhi 1070341072), it is proposed that Articles 2, 3, 4, 5, 7, 9, 13, 14, 15, 16, 26, 29, and 31 of the company bylaw of “Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment IX.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.

6. To approve amending the company bylaw of “Procedures to Engage in Transactions of Financial Derivative Products 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 “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the Letter issued by Financial Supervisory Commission (Letter No. Zhen-Fa-Zhi 1070341072), it is proposed that Articles 1, 2, 5, 6, 7, 8, 9, 13, 19, and 21 of the company bylaw of “Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment X.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.

7. To elect Directors (including Independent Directors) of Elite Material Co., Ltd.

The Board of Directors proposes and recommends that each shareholder vote FOR each candidate nominated for Director (including Independent Director).

Explanatory Notes:

- i. The tenth term Directors were elected and appointed at the 2016 Annual General Shareholders’ Meeting, serving a term of three years and the tenure will expire. The Board of Directors resolved that Directors be elected at this Annual General Shareholders’ Meeting.
- ii. According to the “Articles of Incorporation of Elite Material Co., Ltd.”, seven Directors (including three Independent Directors) shall be elected, and each Director will serve a three year term beginning from the date being elected and appointed at the Annual General Shareholders’ Meeting, until the election and qualification of their successors.
- iii. Director and Independent Director candidates shall be nominated by the candidate nomination system. The Board of Directors or any shareholder with 1% shareholding or more may nominate candidates. The period for candidate nomination of Directors and Independent Directors to be elected at this coming Shareholders’ Meeting is from 6 April 2019 to 15 April 2019. During this period, the Board of Directors has received the nomination of four Director and three Independent Director candidates from shareholder Yu Chan Investment Co., Ltd. The Board has resolved all the candidates met requirements and qualifications of Directors and Independent Directors in the 16th Board meeting of the 10th term dated 26 April 2018, and the public announcement is made accordingly. Please refer to the following table for the candidate list.

iv. Please elect.

List of Directors (including Independent Directors) Candidates

Type	Candidates	Education and Major Experiences	Current Position	No. of Shares Held	Name of Institutional Shareholders Represented
Director	Dong, Ding Yu	<ul style="list-style-type: none"> • Ph.D. in Engineering, Stanford University, USA • Assistant Professor, San Jose State University, USA 	<ul style="list-style-type: none"> • Chairman & President, Elite Material Co., Ltd. 	5,265,766	None
Director	Tsai, Fei Liang	<ul style="list-style-type: none"> • Master in Chemical Engineering, National Tsing Hua University, Taiwan • President, Taiwan Union Technology Corporation 	<ul style="list-style-type: none"> • Director & Vice Chairman, Elite Material Co., Ltd. 	25,471,477	Yu Chang Investment Co., Ltd.
Director	Lee, Wen Shiung	<ul style="list-style-type: none"> • Bachelor in Chemical Engineering, Tamkung University, Taiwan • Director, Unimicron Corp. • President, Isola Asia Pacific (Taiwan) Inc. 	<ul style="list-style-type: none"> • Consultant, Taiwan Printed Circuit Association 	25,471,477	Yu Chang Investment Co., Ltd.
Director	Hsieh, Mon Chong	<ul style="list-style-type: none"> • Master in International Affairs, Columbia University, USA • Chairman, Food Industry Research and Development Institute • Director, The Eisenhower Exchange Fellowships, Inc. • Director, Chinese National Federation of Industries 	<ul style="list-style-type: none"> • Chairman, Synmax Biochemical Co., Ltd. • Vice Chairman, Royal Chef Co., Ltd. 	0	None
Independent Director	Shen, Bing	<ul style="list-style-type: none"> • MBA, Harvard University, USA • Financial Analyst, World Bank • Chief Investment Officer, International Bank Corporation • Executive Director, Morgan Stanley & Co. • Vice President, China Development Industrial Bank • President, CDIB & Partners Investment Holding Corporation 	<ul style="list-style-type: none"> • Director, CTCI Corporation 	0	None

Independent Director	Cheng, Duen-Chian	<ul style="list-style-type: none"> • MBA, Columbia University, USA • President, UMC Capital Corporation • Managing Director, Union Investment Management Consulting Co, Ltd. • Executive Director/President of Taiwan Branch, Morgan Stanley Asia Limited • Executive Director, Goldman Sachs Asia L.L.C. 	<ul style="list-style-type: none"> • Chairman, TGWest Capital Co., Ltd. • Chairman, TriKnight Capital Corporation • Chairman, Clientron Corporation • Chairman, LuxNet Corporation • Independent Director, Edom Technology Co., Ltd. • Independent Director, Ta Ya Electric Wire & Cable Co., Ltd. • Independent Director, Asia Polymer Corporation • Director, Fusheng Precision Co., Ltd. 	0	None
Independent Director	Tsai, Rong Dong	<ul style="list-style-type: none"> • MBA, Indiana University, USA • President, Ta Chong Bank • President, Taishin International Bank/Corporate Finance Business Group of Taishin International Bank • Executive Vice President, Deutsche Bank Taipei Branch / Director, Corporate Finance Department, Deutsche Bank Taipei Branch • Senior Executive Vice President, UBS AG Taipei Branch / Director, Corporate Finance Department, UBS AG Taipei Branch. 	<ul style="list-style-type: none"> • Director, Chang Wah Technology Co., Ltd. • Director, JMC Electronics Co., Ltd. • Director, Golden Circuits Electronics Ltd. 	0	None

8. To approve the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Act.

The Board of Directors proposes and recommends that each shareholder vote FOR the release of the relevant Directors from the non-competition restriction of the Article 209 of the Company Act.

Explanatory Notes:

- i. This is processed in accordance with Paragraph 1 of Article 209 of the Company Act: "A director who acts for himself or on behalf of another person in a manner that is within the scope of the company's business shall explain to the shareholders'

meeting the essential contents of such act and obtain the approval from shareholders' meeting".

- ii. The new Directors of the Company are investing in or managing other companies and also acting as directors of such companies which are in the same or similar business as EMC (please refer to the table below). It is proposed to seek approval at the Shareholders' Meeting to release new Directors and their representatives from the non-competition restriction.
- iii. Please approve the aforesaid proposal.

Title	Name	Position serve at other companies in the industry
Director	Dong, Ding Yu	Director
Director	Yu Chan Investment Co., Ltd. Representative: Tsai, Fei Liang	Director

Extemporaneous motion:

ATTACHMENTS

Attachment I

Year 2018 Business report

I. Year 2018 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 2018
Revenue	22,890,928
Gross profit	4,576,250
Operating profit	2,755,333
Income before tax	2,826,870
Net income	1,754,433

Note: Numbers are presented on consolidated basis. The net income of year 2018 includes the net income of NT\$3,055 thousand belongs to the minority interests.

ii. Summary of cash flow statements

Unit: NT\$ thousands	
Items	Year 2018
Net cash provided by operating activities	2,087,021
Net cash used in investing activities	874,857
Net cash used in financing activities	373,624
Effects of changes in foreign exchange rate on cash and cash equivalents	(109,162)
Increase in cash in reporting period	729,378

iii. Analysis of profitability

Items	Year 2017	Year 2018
Return on assets (%)	14.11	8.33
Return on equities (%)	24.96	14.74
Percentage of paid-in capital (%)	Operating profit	125.34
	Income before tax	126.03
		88.44

Net margin (%)	11.84	7.66
Earnings per share (NT Dollar)	8.74	5.48

iv. Results of research and development:

New products successfully developed by the Company in 2018:

1. New eco-friendly laminates, consumed by PCB fabricators for the Fifth-Generation Wireless Communication (hereinafter referred as “5G”) purpose, providing ultra-low signal loss and low CTE properties.
2. Advanced eco-friendly laminates, used for 5G base stations, providing ultra-low signal loss and high-Tg properties.
3. High thermal resistance eco-friendly prepreg consumed by camera module in handheld devices.

It is expected that the demand for servers, base stations, and other networking equipment will rise, while the world wireless communication technology is migrating from 4G to 5G. The high-speed digital materials, targeted for aforesaid applications and requiring high signal integrity and high radio frequency, are well-prepared by the Company and ready for mass production. High-frequency materials that deliver superior transmission performance are developed for the applications of 400GHz switch, 800GHz switch, and other communication infrastructure operating under sub-6 GHz frequency, and EMC is actively seeking certification for such materials from end customers worldwide. A green-field factory is being constructed for the mass production purpose of eco-friendly materials for global 5G applications.

II. Summary of Year 2019 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 introduce eco-friendly materials for 5G infrastructure, and introduce HDI fabricating process to produce PCBs used for high speed, high frequency 5G equipment.
- c. To develop laminates consumed by automotive vehicles, and to obtain more quality certifications for such laminates.

ii. Sales volume target

Production site	CCL (Sheet)	Prepreg (roll)	Mass Lam (000 panels)
Guanyin/Hsinchu, Taiwan	7,109,695	160,770	1,654
Kunshan, China	14,662,421	255,625	
Zhongshan, China	10,816,093	208,184	
Huangshi, China	701,000	11,623	
Total	33,289,209	636,192	1,654

- a. Expected sales volume target:

Copper clad laminates (CCLs):	33,289,209 sheets/year
Prepreg (PP):	639,192 rolls/year
Mass Lam (M/L):	1,654 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-speed high-frequency laminates, in order to meet the rising demand from the proliferation of cloud services and edge computing infrastructure, and demand for the rollout of 5G network.
- 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:

From the perspective of competitions, regulations and business environment, three major trends, in our view, are occurring in the laminate industry. First, the downstream PCB industry is expanding capacity substantially, and meanwhile, locations of global PCB facilities are concentrating into mainland China. Second, 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. Three, environmental regulations in major markets of the Company are targeting at higher standards; therefore, we believe the consumption of halogen-free material will inevitably rise. To take advantage of the opportunity, EMC has been taking actions including: 1) constructing a green-field factory at Huangshi City of Hubei Province, China, and the output of the said factory will be deployed to meet the demand of China domestic market; 2) increasing the percentage of sales derived from halogen-free base materials, as we believe handheld devices and other consumer electronic devices would entirely adopt halogen-free materials since environment consciences will be an irreversible trend; 2) leveraging on the existing core competence of the Company at developing halogen-free materials to manufacture laminates consumed by 5G network infrastructure, which also increasingly require more eco-friendly materials. We believe the precise execution of the aforesaid

plans will fulfill the purpose of the Company to achieve higher standard of environmental protection, and in the meantime, cultivate potential customers sharing the same value of the Company.

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.*

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ELITE MATERIAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

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

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(t) and (u))	\$ 22,890,928	100	23,609,983	100
5000	Operating costs (Note (6)(g))	(18,314,678)	(80)	(17,782,005)	(75)
	Gross profit from operations	4,576,250	20	5,827,978	25
	Operating expenses:				
6100	Total selling expenses	(905,054)	(4)	(958,196)	(4)
6200	Total administrative expenses	(496,952)	(2)	(585,724)	(3)
6300	Total research and development expenses	(415,923)	(2)	(277,500)	(1)
6450	Impairment loss (Note (6)(e))	(2,988)	-	-	-
	Total operating expenses	(1,820,917)	(8)	(1,821,420)	(8)
	Net operating income	2,755,333	12	4,006,558	17
	Non-operating income and expenses (Note (6)(w)):				
7010	Other income	66,583	-	51,046	-
7020	Other gains and losses, net	37,865	-	5,692	-
7050	Finance costs, net	(32,911)	-	(34,844)	-
	Total non-operating income and expenses	71,537	-	21,894	-
	Profit before income tax	2,826,870	12	4,028,452	17
7951	Less: Tax expense (Note (6)(q))	(1,072,437)	(4)	(1,233,276)	(5)
	Period	1,754,433	8	2,795,176	12
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit and loss				
8311	Remeasurements from defined benefit plans	(5,257)	-	2,493	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(69)	-	-	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	3,091	-	(424)	-
	Total items that will not be reclassified subsequently to profit and loss	(2,235)	-	2,069	-
8360	Other components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	(243,210)	(1)	(133,402)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	56,622	-	22,654	-
	Total items that will not be reclassified subsequently to profit and loss	(186,588)	(1)	(110,748)	(1)
	Other comprehensive income (net of tax)	(188,823)	(1)	(108,679)	(1)
	Total comprehensive income	\$ 1,565,610	7	2,686,497	11
	Loss attributable to:				
	Owners of the parent company	\$ 1,751,378	8	2,790,957	12
	Non-controlling interests	3,055	-	4,219	-
		\$ 1,754,433	8	2,795,176	12
	Comprehensive income attributable to:				
	Owners of the parent company	\$ 1,562,850	7	2,682,420	11
	Non-controlling interests	2,760	-	4,077	-
		\$ 1,565,610	7	2,686,497	11
	Earnings per share (Note (6)(s))				
	Basic earnings per share (dollars)	\$ 5.48		8.74	
	Diluted earnings per share (dollars)	\$ 5.32		8.53	

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

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

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owner of parent					Other equity interest				
	Share capital	Capital surplus	Legal reserve	Retained earnings	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	Total Equity Attributable to Owner of Parent	Non-controlling Interests	Total equity
Balance at January 1, 2017	3,189,211	443,632	979,661	-	6,014,995	(126,586)	-	10,500,913	11,039	10,511,972
Profit for the year ended December 31, 2017	-	-	-	-	2,790,937	-	-	2,790,937	4,219	2,795,176
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	2,082	(110,606)	-	(108,537)	(142)	(108,679)
Total comprehensive income for the year 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)	-	-	(1,499,056)	-	(1,499,056)
Cash dividends	-	-	-	-	(1,499,056)	-	-	121,544	-	121,544
Equity component of convertible bonds issued by the Company - arise from stock option	-	121,544	-	-	-	-	-	-	-	-
Conversion of convertible bonds	5,863	62,556	-	-	-	-	-	68,419	-	68,419
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)
Conversion of convertible bonds to ordinary shares	-	(5,559)	-	-	-	-	-	(5,559)	-	(5,559)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(3,303)	(3,303)
Balance at 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
Profit (loss) for the year ended December 31, 2018	-	-	-	-	1,751,378	(186,293)	-	1,751,378	3,055	1,754,433
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(2,165)	(186,293)	(69)	(188,528)	(295)	(188,823)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,749,212	(186,293)	(69)	1,562,850	2,760	1,565,610
Earnings distribution:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	279,096	-	(279,096)	-	-	-	-	-
Special reserve	-	-	-	110,606	(110,606)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,534,332)	-	-	-	-	-
Balance at December 31, 2018	\$ 3,196,524	\$ 623,721	\$ 1,535,792	\$ 237,192	\$ 6,730,522	\$ (423,485)	\$ (69)	\$ 11,900,197	\$ 14,593	\$ 11,914,790

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

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

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,826,870	4,028,452
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	462,642	441,108
Amortization expense	4,985	4,180
Expected credit loss / Provision for bad debt expense	2,988	(33,009)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	11,313	(22,923)
Interest expense	8,217	19,233
Interest income	(66,583)	(51,046)
Share-based payments	-	(47)
Loss (gain) on disposal of property, plant and equipment	3,171	1,361
Loss (gain) on fair value adjustment of investment property	24,694	15,611
Others	-	15,859
Total adjustments to reconcile profit	451,427	390,327
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	30,009	(54,408)
Accounts receivable	(285,411)	235,970
Other receivable	(4,845)	4,454
Inventories	308,612	(490,220)
Other current assets	(84,309)	3,597
Other assets	(72,617)	(29,567)
Total changes in operating assets	(108,561)	(330,174)
Changes in operating liabilities:		
Accounts payable	(126,657)	160,361
Other payable	(164,801)	66,804
Provisions	-	(40,780)
Current refund liabilities	(3,602)	-
Other current liabilities	(38,206)	25,368
Net defined benefit liability	(14,170)	(6,958)
Total changes in operating liabilities	(347,436)	204,795
Total changes in operating assets and liabilities	(455,997)	(125,379)
Total adjustments	(4,570)	264,948
Cash inflow generated from operations	2,822,300	4,293,400
Interest received	43,071	40,872
Interest paid	(10,532)	(16,087)
Income taxes	(767,818)	(1,257,908)
Net cash flows used in operating activities	2,087,021	3,060,277
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(747,278)	(716,936)
Proceeds from disposal of property, plant and equipment	37,996	959
Acquisition of intangible assets	(5,101)	(6,465)
Increase in other financial assets	(12,048)	634
Decrease in other financial assets	(148,426)	-
Net cash flows from investing activities	(874,857)	(721,808)
Cash flows from financing activities:		
Increase in short-term loans	566,466	22,381
Increase in short-term notes and bills payable	199,655	-
Proceeds from issuing bonds	-	1,500,000
Proceeds from long-term debt	400,000	750,000
Repayments of long-term debt	-	(1,975,000)
Decrease in guarantee deposits received	(5,413)	581
Cash dividends paid	(1,534,332)	(1,502,359)
Exercise of employee share options	-	3,045
Net cash flows used in financing activities	(373,624)	(1,201,352)
Effect of exchange rate changes on cash and cash equivalents	(109,162)	(73,613)
Net decrease in cash and cash equivalents	729,378	1,063,504
Cash and cash equivalents at beginning of period	5,293,589	4,230,085
Cash and cash equivalents at end of period	\$ 6,022,967	\$ 5,293,589

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

Year 2018 Financial Statements – parent-alone basis

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

Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018.12.31		2017.12.31			2018.12.31		2017.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Asset:					Current Liabilities:				
1100 Cash and cash equivalents (Note (6)(a))	\$ 275,297	1	1,687,855	10	2100 Short-term borrowings (Note (6)(h))	\$ 517,758	3	150,325	1
1150 Notes receivable, net (Note (6)(c))	234,267	1	263,681	2	2110 Short-term notes payable (Note (6)(i))	189,655	1	-	-
1170 Accounts receivable, net (Note (6)(c))	1,556,604	9	1,597,791	10	2170 Accounts payable	1,614,594	9	1,508,605	9
1181 Accounts receivable due from related parties (Note (7))	488,707	3	221,846	1	2180 Accounts payable to related parties (Note (7))	9,620	-	43,847	-
1200 Other receivables, net (Notes (6)(d) and (7))	54,170	-	23,667	-	2200 Other payables	486,872	3	739,494	5
1220 Current tax assets	134,792	1	-	-	2230 Current tax liabilities	-	-	154,288	1
1310 Inventories, manufacturing business, net (Note (6)(e))	639,120	4	685,937	4	2250 Current provisions (Note (6)(m))	-	-	15,118	-
1470 Other current assets	31,912	-	36,747	-	2365 Current refund liabilities (Note (6)(l))	5,973	-	-	-
	3,414,869	19	4,517,524	27	2322 Long-term borrowings, current portion (Note (6)(j))	100,000	1	-	-
					2399 Other current liabilities, others	5,516	-	4,689	-
Non-Current Asset:									
1550 Investments accounted for using equity method, net (Note (6)(f))	11,951,050	68	9,642,980	59	Non-Current liabilities:	2,939,988	17	2,616,366	16
1600 Property, plant and equipment (Note (6)(g))	2,126,016	12	2,141,028	13	Bonds payable (Note (6)(k))	1,344,900	8	1,320,206	8
1780 Intangible assets	4,160	-	2,795	-	2530 Long-term borrowings (Note (6)(l))	300,000	2	-	-
1840 Deferred tax assets (Note (6)(o))	111,292	1	57,488	-	2540 Non-current provisions for employee benefits (Note (6)(n))	12,716	-	21,629	-
1900 Other non-current assets	74,769	-	88,000	1	2551 Deferred tax liabilities (Note (6)(o))	1,167,141	6	606,912	4
1920 Guarantee deposits paid	1,895	-	3,962	-	2570 Non-current financial liabilities at fair value through profit or loss (Note (6)(b))	11,022	-	5,869	-
	14,260,182	81	11,936,253	73	2645 Guarantee deposits received	8,087	-	11,116	-
					Total liabilities:	2,943,866	16	1,965,732	12
					Equity attributable to owners of parent (Note (6)(p)):	5,783,854	33	4,582,098	28
					3100 Capital stock	3,196,524	18	3,196,524	19
					3200 Capital surplus	623,721	3	623,721	3
					Retained earnings:				
					3310 Legal reserve	1,335,792	9	1,256,696	8
					3320 Special reserve	237,192	1	126,586	1
					3351 Accumulated profit and loss	6,730,522	38	6,905,344	42
					3400 Other equity interest	(423,554)	(2)	(237,192)	(1)
					Total equity	11,600,197	67	11,871,629	72
Total assets	\$ 17,684,051	100	\$ 16,453,777	100	Total liabilities and equity	\$ 17,684,051	100	\$ 16,453,777	100

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

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

ELITE MATERIAL CO., LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(r), (s) and Note (7))	\$ 6,221,721	100	6,181,352	100
5000	Operating costs (Note (6)(e) and Note (7))	(5,474,462)	(88)	(5,167,859)	(84)
	Gross profit from operations	747,259	12	1,013,493	16
5910	Less: Unrealized profit from sales	(11,488)	-	(5,225)	-
5920	Add: Realized profit on from sales	5,225	-	1,046	-
	Gross profit from operations	740,996	12	1,009,314	16
	Operating expenses:				
6100	Total selling expenses	(188,921)	(3)	(195,666)	(3)
6200	Total administrative expenses	(214,155)	(3)	(305,206)	(5)
6300	Total research and development expenses	(152,747)	(3)	(127,866)	(2)
6300	Total operating expenses	(555,823)	(9)	(628,738)	(10)
	Net operating income	185,173	3	380,576	6
	Non-operating income and expenses:				
7010	Other income (Note (6)(u))	4,910	-	2,087	-
7020	Other gains and losses, net (Note (6)(u))	(6,536)	(1)	(7,634)	-
7370	Share of profit of associates and joint ventures accounted for using equity method	2,265,635	36	3,119,404	50
7050	Finance costs (Note (6)(u))	(30,670)	-	(34,400)	-
	Total non-operating income and expenses	2,233,339	35	3,079,457	50
7900	Profit before income tax	2,418,512	38	3,460,033	56
7950	Less: Tax expense (Note (6)(o))	(667,134)	(11)	(669,076)	(11)
	Period	1,751,378	27	2,790,957	45
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit and loss				
8311	Remeasurements from defined benefit plans	(5,257)	-	2,493	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(69)	-	-	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	3,091	-	(424)	-
	Total items that will not be reclassified subsequently to profit and loss	(2,235)	-	2,069	-
8360	Other components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	(242,915)	(4)	(133,260)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	56,622	1	22,654	-
	Total items that will not be reclassified subsequently to profit and loss	(186,293)	(3)	(110,606)	(2)
8300	Other comprehensive income (net of tax)	(188,528)	(3)	(108,537)	(2)
	Total comprehensive income	\$ 1,562,850	24	2,682,420	43
	Basic earnings per share (Note (6)(r))(dollars)	\$ 5.48		8.74	
	Diluted earnings per share (Note (6)(r))(dollars)	\$ 5.32		8.53	

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

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

Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest						
	Share capital	Retained earnings:			Exchange differences on translation of foreign statements	Unrealised gains (losses) on equity instruments at fair value through other comprehensive income	Total equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings		
Balance at January 1, 2017	\$ 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)
Conversion of convertible bonds	5,863	62,556	-	-	-	-	68,419
Equity component of convertible bonds issued by the Company - arise from stock option	-	121,544	-	-	-	-	121,544
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 at December 31, 2017	3,196,524	623,721	1,256,696	126,586	6,905,344	(237,192)	11,871,679
Profit (loss) for the years ended December 31, 2018	-	-	-	-	1,751,378	-	1,751,378
Other comprehensive income for the years ended December 31, 2018	-	-	-	-	(2,166)	(186,293)	(188,528)
Total comprehensive income for the years ended December 31, 2018	-	-	-	-	1,749,212	(186,293)	1,562,850
Earnings distribution:							
Legal reserve	-	-	279,096	-	(279,096)	-	-
Special reserve	-	-	-	110,606	(110,606)	-	-
Cash dividends	-	-	-	-	(1,534,332)	-	(1,534,332)
Balance at December 31, 2018	\$ 3,196,524	623,721	1,538,792	237,192	6,730,822	(423,485)	11,900,197

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

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

Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,418,512	3,460,033
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	169,241	138,120
Amortization expense	2,388	2,006
Expected credit loss / Provision for bad debt expense	-	400
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	5,153	(2,120)
Interest expense	5,976	18,789
Interest income	(4,910)	(2,087)
Share-based payments	-	(47)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	(2,265,635)	(3,119,404)
Loss (gain) on disposal of property, plan and equipment	(50)	331
Impairment loss	24,694	15,611
Total adjustments to reconcile profit	(2,063,143)	(2,948,401)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	29,402	(36,166)
Accounts receivable	41,199	145,959
Accounts receivable due from related parties	(266,861)	(189,365)
Other receivable	(30,626)	(19,354)
Inventories	46,817	(139,402)
Deferred revenues	6,233	4,087
Other current assets	4,835	(6,107)
Other assets	13,231	12,924
Total changes in operating assets	(155,770)	(227,424)
Changes in operating liabilities:		
Accounts payable	105,989	148,628
Accounts payable to related parties	(34,227)	7,667
Other payable	(183,573)	88,586
Provisions	-	(3,523)
Current refund liabilities	(9,145)	-
Other current liabilities	827	378
Net defined benefit liability	(14,170)	(6,958)
Total changes in operating liabilities	(134,299)	234,778
Total changes in operating assets and liabilities	(290,069)	7,354
Total adjustments	(2,353,212)	(2,941,047)
Cash inflow generated from operations	65,300	518,986
Interest received	5,033	1,964
Dividends received	-	2,819,181
Interest paid	(5,311)	(15,609)
Income taxes paid	(390,076)	(669,120)
Net cash flows used in operating activities	(325,054)	2,655,402
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(291,652)	-
Acquisition of property, plant and equipment	(223,943)	(518,892)
Proceeds from disposal of property, plant and equipment	50	144
Increase in refundable deposits	2,067	1,487
Acquisition of intangible assets	(3,753)	(2,210)
Net cash flows from investing activities	(517,231)	(519,471)
Cash flows from financing activities:		
Increase in short-term loans	367,433	128,303
Increase in short-term notes and bills payable	199,655	-
Proceeds from issuing bonds	-	1,500,000
Proceeds from long-term debt	400,000	750,000
Repayments of long-term debt	-	(1,975,000)
Increase in guarantee deposits received	(3,029)	595
Cash dividends paid	(1,534,332)	(1,499,056)
Exercise of employee share options	-	3,045
Net cash flows used in financing activities	(570,273)	(1,092,113)
Net decrease in cash and cash equivalents	(1,412,558)	1,043,818
Cash and cash equivalents at beginning of period	1,687,855	644,037
Cash and cash equivalents at end of period	\$ 275,297	1,687,855

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 statement of financial position as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2018 and 2017 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits 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 Auditors' 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(u) "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)(g)" 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 additionally prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified 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 auditor's 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 group 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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 statement of financial position as of December 31, 2018 and 2017, and the statement of comprehensive income, changes in equity and cash flows for the years ended, 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, 2018 and 2017, and its financial performance and its cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Auditors' 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

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 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 reporting 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)(e)" 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 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 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 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 auditor's 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 appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.


The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Attachment IV

Review report by the Audit Committee

To the 2019 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 2018 which had been audited by independent auditors, Mr. Calvin C. Y. Chiang and Ms. Chen, Yi-Chun 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 Audit Committee of Elite Material Co., Ltd.

22 March 2019

**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 2018

Unit: NT\$ Dollar	Year 2018
Earnings before tax, employee's compensation, and Directors' remuneration	\$ 2,519,283,948
Accumulated losses	-
Distributable earnings to employees and Directors	\$ 2,519,283,948
Employees' compensation (3% of the distributable earnings)	\$ 75,578,518
Directors' remuneration (1% of the distributable earnings)	\$ 25,192,839

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

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

Attachment VI

Elite Material Co., Ltd. Profit Allocation Proposal of Year 2018

Unit: NT dollar

Net income of 2018	1,751,378,380
Less:	
10% legal reserve	175,137,838
Special reserve of earnings	186,362,244
Other comprehensive loss (actuarial adjustment of defined benefit plan of Year 2018)	2,165,995
Plus:	
Unappropriated retained earnings of previous years	4,981,309,704
Earnings available for distribution as of 31 December 2017	6,369,022,007
Distribution items:	
Cash dividends to common share holders (NT\$3.8 per share)	1,214,679,340
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	1,214,679,340
Unappropriated earnings	5,154,342,667

Note:

1. Pursuant to the Article 36 of Elite Material Co., Ltd. Articles of Incorporation, the distribution order of Year 2018 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 12 April 2019.

Chairman & President: Dong, Ding Yu

Director 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 VII

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

Article 1	Current Article	Proposed Changes	Reasons
	All capital lending to others <u>by the Company and its subsidiaries</u> shall be in compliance with these "Procedures of Capital Lending to Others" ("Procedures").	All capital lending to others <u>by the Company</u> shall be in compliance with these "Procedures of Capital Lending to Others" ("Procedures").	Procedures about subsidiaries are specified in Article 14.
Article 2	Current Article	Proposed Changes	Reasons
	<u>The Procedures</u> is made based on the Article 36-1 of Securities and 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>Unless specified by other relevant financial regulations, the Procedures</u> is made based on the Article 36-1 of Securities and 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”).	Amended based on the Letter issued by FSC (Letter No. Zen-Shen-Zi 1080304826).
Article 4	Current Article	Proposed Changes	Reasons
	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <p>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").</p> <p>2) <u>The total amount of loans extended by the Company to the Business Partners</u> shall not exceed the business transactions between both parties, and the three per cent (3%) of the Company's Latest Net Worth. The amount involved in the aforesaid business transactions refers to the value represented by the orders placed, sales or transactions contemplated by the parties in the most recent year. The aggregate amount of such loans shall not exceed thirty per cent (30%) of the Company's Latest Net Worth.</p>	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <p>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").</p> <p>2) <u>The amount of a single loan extended by the Company to each Business Partner</u> shall not exceed the business transactions between both parties, and three per cent (3%) of the Company's Latest Net Worth. The amount involved in the aforesaid business transactions refers to the value represented by the orders placed, sales or transactions contemplated by the parties in the most recent year. The aggregate amount of such loans shall not exceed thirty per cent (30%) of the Company's Latest Net Worth.</p>	<p>For Items 2, 3, and 4, limits of total lending amount and respective subjects are amended.</p> <p>Item 5 and Item 6 are newly added.</p>

	<p>3) The amount of a single loan extended by the Company to any of Companies Seeking Short-Term Financing shall not exceed <u>ten percent (10%)</u> 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> <p>4) The total amount of inter-company loans of funds between overseas subsidiaries 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 <u>the Company's Latest Net Worth.</u></p>	<p>3) The amount of a single loan extended by the Company to any of Companies Seeking Short-Term Financing shall not exceed <u>fifteen percent (15%)</u> 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> <p>4) The total amount of inter-company loans of funds between overseas subsidiaries 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 <u>Latest Net Worth of the involved subsidiaries.</u></p> <p>5) <u>The total amount of loans extended by overseas subsidiaries, in which the Company holds, directly or indirectly, one hundred per cent (100%) of the voting shares, to the Company shall not exceed thirty per cent (30%) of the involved subsidiaries.</u></p> <p>6) <u>The aggregate amount of loans extended by the Company and its subsidiaries shall not exceed one hundred per cent (100%) of the Company's Latest Net Worth.</u></p>	
Article 5	Current Article	Proposed Changes	Reasons
	<p>The review and evaluation that shall be performed includes the followings:</p> <p>1) necessity and rationale of the loan;</p> <p>2) the Borrowers' credit standing and risk evaluation;</p> <p>3) impact on the Company's operation, financial condition and shareholders' interests;</p> <p>4) whether collaterals are required and appraised values of such collaterals.</p> <p>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 <u>exceed fifty per cent (50%) of the sales or procurements contemplated by the parties in the most recent year, or three per cent (3%) of the Company's</u></p>	<p>The review and evaluation that shall be performed includes the followings:</p> <p>1) necessity and rationale of the loan;</p> <p>2) the Borrowers' credit standing and risk evaluation;</p> <p>3) impact on the Company's operation, financial condition and shareholders' interests;</p> <p>4) whether collaterals are required and appraised values of such collaterals.</p> <p>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 <u>exceed the limits specified in Article 4.</u></p>	Amending wordings to be consistent with Article 4.

	<p><u>Latest Net Worth, whichever is lower.</u></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 <u>exceed ten per cent (10%) of the Company's Latest Net Worth.</u></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 <u>exceed the limits specified in Article 4.</u></p>	
Article 6	Current Article	Proposed Changes	Reasons
	<p>Processes for capital lending to others shall include:</p> <p>1) Application: <u>When any Borrower submits its loan application to the Company, the person-in-charge shall</u> 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.</p> <p>2) Credit investigation:</p> <p>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.</p> <p>b. Frequency of credit investigation:</p> <p>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.</p>	<p>Processes for capital lending to others shall include:</p> <p>1) Application:</p> <p>a. <u>When any Borrower submits its loan application to the Company, Finance Department shall assess prudently if the application is in compliance with the Procedures and the Regulations.</u></p> <p>b. <u>The person-in-charge in the Finance Department shall</u> 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.</p> <p>2) Credit investigation:</p> <p>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.</p> <p>b. Frequency of credit investigation:</p> <p>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.</p>	<p>Item 1)-a is added to assign the Finance Department to be in charge.</p>

	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>iv. <u>If the Borrowers are subsidiaries that the Company holds, directly or indirectly, 100% of its voting shares, the credit investigation process may be exempted.</u></p>	
	<p>3) Notification of loan approval or disapproval:</p> <p>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.</p> <p>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.</p> <p>c. Resolutions of Board of Directors: The loan application ratified by the</p>	<p>3) Notification of loan approval or disapproval:</p> <p>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.</p> <p>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.</p> <p>c. Resolutions of Board of Directors: The loan application ratified by the</p>	<p>Item 2)-b-iv is added to exempt the 100%-owned subsidiaries from credit investigation.</p>

	<p>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.</p> <p><u>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.</u></p> <p>When a loan extended by the Company or its subsidiaries to an individual Borrower, <u>the limit on the aforesaid total amount shall not exceed 10 per cent (10%)</u> of the said Borrower's net worth of the last period financial report audited or reviewed by its accountants.</p>	<p>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.</p> <p><u>When handling loans extended by the Company to its subsidiaries, 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 for revolving credit to the said Borrower within one year, provided the total drawdown does not exceed the limit resolved by the Board of Directors.</u></p> <p><u>When handling loans extended by the Company's subsidiaries to one another, the loan can be disbursed by a resolution of a Board of Directors meeting of the involved lending subsidiary. For the same Borrower, the Board of Directors of the lending subsidiary may authorize its 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 of the lending subsidiary.</u></p> <p>When a loan extended by the Company or its subsidiaries to an individual Borrower, <u>the limit on the aforesaid total amount shall be constrained by the Article 4 Item 4 and Item 5, and shall not exceed 10 percent (10%)</u> of the said Borrowers' net worth of the last period financial report audited or</p>	<p>Paragraph is re-written to specify the procedures for the parent company and the subsidiaries, respectively.</p> <p>Limit on the total loan amount is amended.</p>
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	<p>The Board of Directors shall take into account the opinions of the Independent Directors and furthermore <u>record in the minutes of such meetings the Independent Directors' consenting or dissenting opinions</u> and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.</p>	<p>reviewed by its accountants.</p> <p>The Board of Directors shall take into account the opinions of the Independent Directors and furthermore <u>record in the minutes of such meetings if an Independent Director objects to or expresses reservations</u> in holding a meeting discussing these Procedures or extending loans hereunder.</p>	
	<p>4) Notice to the Borrower:</p> <p>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.</p>	<p>4) Notice to the Borrower:</p> <p>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.</p>	<p>Wording amended to require recording the opinions of independent directors in the minutes of Board Meetings.</p>
	<p>5) Contract Signing and Identity Verification:</p> <p>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.</p> <p>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.</p>	<p>5) Contract Signing and Identity Verification:</p> <p>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.</p> <p>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.</p>	

	<p>6) 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.</p> <p>7) 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.</p> <p>8) 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.</p> <p>9) Loan term, maturity and interest calculation a. The term of loans extended by the Company shall not exceed one</p>	<p>6) Collateral Registration: <u>a. 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.</u> <u>b. If the Borrowers are subsidiaries the Company hold, directly or indirectly, 100% of the voting shares, the preceding paragraph does not apply.</u></p> <p>7) 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.</p> <p>8) 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.</p> <p>9) Loan term, maturity and interest calculation a. The term of loans extended by the Company shall not exceed one</p>	<p>Item 6)-b is added to exempt wholly-owned subsidiaries from providing collateral.</p>
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	<p>year. Upon borrowing, the repayment date shall be specified.</p> <p>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. <u>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.</u></p>	<p>year. Upon borrowing, the repayment date shall be specified.</p> <p>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. <u>Interest receivable shall be calculated on daily basis.</u></p> <p>c. <u>When handling loans extended by overseas subsidiaries of which the Company holds, directly and indirectly, 100% voting shares, Item a and Item b do not apply. The term of loans depends on the needs of the Borrowers, but shall not exceed three years.</u></p>	<p>The way to calculate interests is amended from monthly basis to daily basis.</p>
	<p>10) Repayment of loan:</p> <p>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.</p> <p>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.</p>	<p>10) Repayment of loan:</p> <p>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.</p> <p>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.</p>	<p>Item 9)-c is newly added to control loan term of wholly-owned overseas subsidiaries.</p>

	<p>11) Deleted.</p> <p>12) 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.</p>	<p>11) Deleted.</p> <p>12) 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.</p>	
Article 8	Current Article	Proposed Changes	Reasons
	<p>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 <u>inform the Audit Committee of the same.</u></p>	<p>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 <u>inform the Audit Committee and each Independent Director of the same.</u></p>	<p>Article amended to be in compliance with Securities and Exchange Act Article 14-3.</p>
Article 9	Current Article	Proposed Changes	Reasons
	<p>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 <u>the Audit Committee.</u> Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>According to these Procedures, the</p>	<p>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 <u>the Audit Committee and each Independent Director.</u> Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>According to these Procedures, the</p>	<p>Article amended to be in compliance with Securities and Exchange Act Article 14-3.</p>

	<p>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.</p>	<p>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.</p>	
Article 11	Current Article	Proposed Changes	Reasons
	<p>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:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>“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 <u>counterparty and monetary amount of the transaction</u>, whichever date is earlier.</p> <p>The financial reports of the Company are</p>	<p>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:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>“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 <u>counterparty and monetary amount of the loan extended</u>, whichever date is earlier.</p> <p>The financial reports of the Company are</p>	<p>Wording amended to clarify the meaning of the paragraph.</p>

	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.	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 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>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. <u>The said procedures shall obtain approval by resolution from the Board of Directors Meeting of such subsidiaries.</u> 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) The procedures in the preceding paragraph prepared by the subsidiaries of the Company shall comply with Article 4 of the Procedures.</p> <p>3) 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>Term is added to control subsidiaries' loan extension.</p> <p>Item number amended, content remains the same.</p>

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

Attachment VIII

Overview of the Elite Material Co., Ltd. Bylaws on “Procedures of Endorsements and Guarantees” amendments

Article 1	Current Article	Proposed Changes	Reasons
	All endorsements and guarantees of <u>the Company and its subsidiaries</u> shall be in compliance with these "Procedures of Endorsements and Guarantees" ("Procedures").	All endorsements and guarantees of <u>the Company</u> shall be in compliance with these "Procedures of Endorsements and Guarantees" ("Procedures").	Procedures about subsidiaries are incorporated in Article 4, Article 6, and Article 9.
Article 2	Current Article	Proposed Changes	Reasons
	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>	<u>Unless specified by other relevant financial regulations, the Procedures is made based on the Article 36-1 of Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred as 'Regulations')"</u> promulgated by Financial Supervisory Commission (hereinafter referred as "FSC").	Amended to be in compliance with all relevant regulations.
Article 3	Current Article	Proposed Changes	Reasons
	<p>All endorsements and guarantees referred to <u>herein</u> shall have the meaning set forth below:</p> <ol style="list-style-type: none"> 1) Financing endorsements and guarantees, including: <ol style="list-style-type: none"> a. Bills discounting financing; b. Endorsements or guarantees made to meet the financing needs of another companies; and c. Issuance of a separate bills to a non-financial enterprise as security to meet the financing needs of the Company. 2) Customs duty endorsements and guarantees refer to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters. 3) Other endorsements and guarantees refer to those beyond the scope of the above sub-paragraphs. 	<p>All endorsements and guarantees referred to <u>herein</u> shall have the meaning set forth below:</p> <ol style="list-style-type: none"> 1) Financing endorsements and guarantees, including: <ol style="list-style-type: none"> a. Bills discounting financing; b. Endorsements or guarantees made to meet the financing needs of another companies; and c. Issuance of a separate bills to a non-financial enterprise as security to meet the financing needs of the Company. 2) Customs duty endorsements and guarantees refer to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters. 3) Other endorsements and guarantees refer to those beyond the scope of the above sub-paragraphs. 	<p>Wordings in Chinese amended to clarify the meaning.</p> <p><u>Wordings in English are not amended.</u></p>

	Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall be governed by these Procedures.	Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall be governed by these Procedures.	
Article 7	Current Article	Proposed Changes	Reasons
	<p>The Company shall make endorsements/guarantees in compliance with the followings:</p> <ol style="list-style-type: none"> 1) When endorsements/guarantees are made or terminated by the Company and its subsidiaries, the responsible unit is required to fill in the "Form of Application/Termination for Endorsements and/or Guarantees", stating companies making the said endorsements/guarantees, companies to be secured, types, reasons and amounts, and seek for the approval from the Chairman. 2) The Company shall each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month, in compliance with the rules of the FSC. 3) Prior to the provision of endorsements and/or guarantees, the following items shall be evaluated: <ol style="list-style-type: none"> a. necessity and rationale of the endorsements/guarantees; b. credit standing and risk evaluation of the party to be secured under such endorsements/guarantees; c. impact on the Company's operation, financial condition and shareholders' interests; and d. whether collaterals are required and appraised values of such collaterals. 4) The Company's endorsements and guarantees shall be made based on the "Application for Endorsements and/or Guarantees" duly filled by the company requiring the same. The Company shall set up specific files and record in details of the name of 	<p>The Company shall make endorsements/guarantees in compliance with the followings:</p> <ol style="list-style-type: none"> 1) When endorsements/guarantees are made or terminated by the Company and its subsidiaries, the responsible unit is required to fill in the "Form of Application/Termination for Endorsements and/or Guarantees", stating companies making the said endorsements/guarantees, companies to be secured, types, reasons and amounts, and seek for the approval from the Chairman. 2) The Company shall each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month, in compliance with the rules of the FSC. 3) Prior to the provision of endorsements and/or guarantees, the following items shall be evaluated: <ol style="list-style-type: none"> a. necessity and rationale of the endorsements/guarantees; b. credit standing and risk evaluation of the party to be secured under such endorsements/guarantees; c. impact on the Company's operation, financial condition and shareholders' interests; and d. whether collaterals are required and appraised values of such collaterals. 4) The Company's endorsements and guarantees shall be made based on the "Application for Endorsements and/or Guarantees" duly filled by the company requiring the same. The Company shall set up specific files and record in details of the name of 	

	<p>the company secured by endorsements/guarantees provided, the relevant amount, the date of resolved by the Audit Committee, the date of resolved by the Board or that on which the Chairman had approved, the date of endorsements and guarantees, and matters of due diligence as required in the preceding paragraph.</p> <p>5) Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same <u>to the Audit Committee</u>. Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>6) The Company's internal audit office shall conduct at least a quarterly audit of these Procedures and make written records on the status of implementation in details. In the event of major irregularities, the internal audit office shall inform <u>the Audit Committee</u> of the same in writing.</p> <p>7) The Board of Directors shall take into account the opinions of the Independent Directors and furthermore record in the minutes of such meetings <u>the Independent Directors' consenting or dissenting opinions</u> and the reasons in holding a meeting discussing the conditions abovementioned, these Procedures or providing endorsements and/or guarantees.</p> <p>8) 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</p>	<p>the company secured by endorsements/guarantees provided, the relevant amount, the date of resolved by the Audit Committee, the date of resolved by the Board or that on which the Chairman had approved, the date of endorsements and guarantees, and matters of due diligence as required in the preceding paragraph.</p> <p>5) Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same <u>to the Audit Committee and each Independent Director</u>. Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>6) The Company's internal audit office shall conduct at least a quarterly audit of these Procedures and make written records on the status of implementation in details. In the event of major irregularities, the internal audit office shall inform <u>the Audit Committee and each Independent Director</u> of the same in writing.</p> <p>7) The Board of Directors shall take into account the opinions of the Independent Directors and furthermore record in the minutes of such meetings <u>if an Independent Director objects to or expresses reservations</u> and the reasons in holding a meeting discussing the conditions abovementioned, these Procedures or providing endorsements and/or guarantees.</p> <p>8) 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</p>	<p>Independent Directors are added here to better monitor the Procedures and the implementation status.</p> <p>Wordings amended to be in compliance with the Article 14-3 of the Stock Exchange Act.</p>
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	approved by the Board of Directors with two-thirds of all Directors and the resolution of Audit Committee shall be recorded in the minutes of Board of Directors meeting. The Audit Committee members and the Board of Directors members as stated will only calculate the members in present position.	approved by the Board of Directors with two-thirds of all Directors and the resolution of Audit Committee shall be recorded in the minutes of Board of Directors meeting. The Audit Committee members and the Board of Directors members as stated will only calculate the members in present position.	
Article 9	Current Article	Proposed Changes	Reasons
	<p>Matters about public announcement:</p> <p>1) The Company shall before the 10th day of each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p>2) Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within two (2) days commencing immediately from the date of occurrence:</p> <p>a. The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached fifty per cent (50%) or more of the Company's Latest Net Worth; or</p> <p>b. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached twenty per cent (20%) or more of the Company's Latest Net Worth; or</p> <p>c. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, <u>any investment of a long-term nature in</u>, and balance of loans to, such company has reached thirty per</p>	<p>Matters about public announcement:</p> <p>1) The Company shall before the 10th day of each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p>2) Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within two (2) days commencing immediately from the date of occurrence:</p> <p>a. The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached fifty per cent (50%) or more of the Company's Latest Net Worth; or</p> <p>b. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached twenty per cent (20%) or more of the Company's Latest Net Worth; or</p> <p>c. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, <u>any book value of investment accounting of equity method in</u>, and balance of loans to, such company</p>	<p>Wordings amended to clarify the meaning of investment of a long-term nature.</p>

	<p>cent (30%) of the Company's Latest Net Worth; or</p> <p>d. The additional individual endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p> <p>3) 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 any subparagraph of the preceding paragraph.</p> <p>4) The "public announcement and report" referred to herein shall be those entered into the website designated by the FSC for reporting information.</p> <p>5) "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 <u>amount of the transaction</u>, whichever date is earlier.</p>	<p>has reached thirty per cent (30%) of the Company's Latest Net Worth; or</p> <p>d. The additional individual endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p> <p>3) 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 any subparagraph of the preceding paragraph.</p> <p>4) The "public announcement and report" referred to herein shall be those entered into the website designated by the FSC for reporting information.</p> <p>5) "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 <u>amount of</u> <u>endorsements/guarantees made</u>, whichever date is earlier.</p>	<p>Wordings amended to clarify the meaning of transaction.</p>
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**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment IX

Overview of the Elite Material Co., Ltd. Bylaws on “Procedures for Acquisition and Disposition of Assets” amendments

Article 2	Current Article	Proposed Changes	Reasons
	Acquisition or disposition of assets by the Company shall be carried out in accordance with these “Procedures for Acquisition and Disposition of Assets of Elite Material Co., Ltd.” (“Procedures”); provided, where <u>another law or regulation</u> provides otherwise, such provisions shall govern.	Acquisition or disposition of assets by the Company shall be carried out in accordance with these “Procedures for Acquisition and Disposition of Assets of Elite Material Co., Ltd.” (“Procedures”); provided, where <u>another relevant financial law or regulation</u> provides otherwise, such provisions shall govern.	The whole procedures is amended in compliance with the Letter issued by FSC (Letter No. Zhen-Fa-Zi 1070341072).
Article 3	Current Article	Proposed Changes	Reasons
	Assets in the Procedures include: 1) Securities: stocks, government bonds, corporate bonds, bank debentures, beneficiary certificates of mutual funds, depository receipts, call/put warrants, asset-backed securities and other investments; 2) Real estate (<u>including land, houses and buildings, investment properties, rights to use land, and inventory carried by construction companies</u>) and equipment; 3) Club memberships; 4) Patents, copyrights, trademarks, licenses and other intangible assets; <u>5</u>) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables); <u>6</u>) Derivative products; <u>7</u>) Assets acquired or disposed through merger, spin-off, acquisition, or transfer of shares in accordance with laws; <u>8</u>) Other major assets.	Assets in the Procedures include: 1) Securities: stocks, government bonds, corporate bonds, bank debentures, beneficiary certificates of mutual funds, depository receipts, call/put warrants, asset-backed securities and other investments; 2) Real estate (<u>including land, houses and buildings, investment properties,</u>) and equipment; 3) Club memberships; 4) Patents, copyrights, trademarks, licenses and other intangible assets; <u>5) Right-of-use assets;</u> <u>6</u>) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables); <u>7</u>) Derivative products; <u>8</u>) Assets acquired or disposed through merger, spin-off, acquisition, or transfer of shares in accordance with laws; <u>9</u>) Other major assets.	Item 5 is added to be in compliance with IFRS 16. The other Item numbers are re-arranged.
Article 4	Current Article	Proposed Changes	Reasons
	Terms used in the Procedures are defined as follows: 1) Derivatives: <u>Forward contracts, option contracts, futures contracts, leverage contracts, and swap</u>	Terms used in the Procedures are defined as follows: 1) Derivatives: <u>The derivatives referred herein are defined as instruments that derive their value from the</u>	The definition of derivatives is amended in

	<p><u>contracts and compound contracts combining the above products whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) agreements;</p>	<p><u>performance of specified interest rates, prices of financial instruments, commodity prices, foreign exchange rates, price or rate indexes, credit ratings or credit indexes, or other transaction contracts based on other various interests.</u> The said other various interests include <u>forward contracts, options, futures, leverage contracts, swaps, hybrid products consisted by them, and contracts or structured products embedded with financial derivative products.</u> The term “forward contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) agreements;</p>	<p>accordance with IFRS No. 9.</p>
<p>2) Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares: Refers to assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under <u>Article 156, paragraph 8 of the Company Act</u>;</p> <p>3) Related party or Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers;</p> <p>4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment;</p> <p>5) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and</p>	<p>2) Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares: Refers to assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under <u>Article 156, paragraph 3 of the Company Act</u>;</p> <p>3) Related party or Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers;</p> <p>4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment;</p> <p>5) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and</p>	<p>Amended to be in compliance with the Company Act.</p>	

	<p>monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Regulatory Authorities is required, the earlier of the above date or the date of receipt of approval by the Regulatory Authorities shall apply; Patents, copyrights, trademarks, licenses and other intangible assets;</p> <p>6) Mainland area investment: Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Regulatory Authorities is required, the earlier of the above date or the date of receipt of approval by the Regulatory Authorities shall apply; Patents, copyrights, trademarks, licenses and other intangible assets;</p> <p>6) Mainland area investment: Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7) <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>8) <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	<p>Items 7 and 8 are newly added in compliance with the Letter issued by FSC (Letter No. Zhen-Fa-Zi 1070341072).</p>
Article 5	Current Article	Proposed Changes	Reasons
	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of any party to the transaction.</u></p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <p>1) <u>May not have previously received a final and unappealable sentence to</u></p>	<p>Clearly specify the requirements of professional</p>

		<p><u>imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>2) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>4) They shall issue a statement attesting</u></p>	<p>persons that are involved in the acquisition or disposition of the Company's assets in compliance with the Article 53-4 of the Stock Exchange Act and Articles 8 and 9 of the Regulations Governing the Offering and Issuance of Securities by Security Issuers.</p>
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Article 7	Current Article	Proposed Changes	Reasons
	<p>1) Prior to the Company acquiring <u>real estate and equipment</u>, the Procurement <u>Office</u>, the Administrative Section, or other responsible units shall evaluate the reason of acquisition, the targeted asset, the counterparty of the transaction, the transaction price, terms of payment and collection, and the reference to determine the transaction price, and then execute the transaction <u>in compliance with the Article 24 of the Articles of Incorporation of Elite Material Co., Ltd.</u></p> <p>2) Prior to the Company disposing <u>real estate and equipment</u>, the Administrative Section or other responsible units shall evaluate the target assets of disposition, the counterparty of the transaction, the transaction price, terms of payment and collection, and the reference to determine the transaction price. <u>All relevant information shall be submitted to the Board of Directors for approval before undertaking the said transaction. After being authorized by the Board of Directors, the Chairman of the Company may have the authority to undertake transactions, which the total dollar amount is not in excess of certain pre-determined level.</u></p> <p>3) Paragraph 1 and 2 of this Article may apply to the acquisition and disposition of <u>real estate and equipment</u> not for business purpose, provided the total dollar amount is not in excess of the limit specified in the paragraph 1 of the Article 28 of the Procedures.</p>	<p>1) Prior to the Company acquiring <u>real estate, equipment, or right-of-use assets</u>, the Procurement <u>Section</u>, the Administrative Section, or other responsible units shall evaluate the reason of acquisition, the targeted asset, the counterparty of the transaction, the transaction price, terms of payment and collection, and the reference to determine the transaction price, and then execute the transaction <u>in compliance with the Article 24 of the Articles of Incorporation of Elite Material Co., Ltd and the Internal Delegation Rules.</u></p> <p>2) Prior to the Company disposing <u>real estate, equipment, or right-of-use assets</u>, the Administrative Section or other responsible units shall evaluate the target assets of disposition, the counterparty of the transaction, the transaction price, terms of payment and collection, and the reference to determine the transaction price, <u>and then execute the transaction in compliance with the Article 24 of the Articles of Incorporation of Elite Material Co., Ltd and the Internal Delegation Rules.</u></p> <p>3) Paragraph 1 and 2 of this Article may apply to the acquisition and disposition of <u>real estate, equipment, or right-of-use assets</u> not for business purpose, provided the total dollar amount is not in excess of the limit specified in the paragraph 1 of the</p>	<p>Amended to include right-of-use assets to be in compliance with the IFRS No. 16.</p>

	<p>4) In the case of acquiring or disposing securities held for long-term purpose, the Finance/Accounting Department or other responsible units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment. In addition, prior to the date of transaction occurred, the finance/accounting units or other responsible units shall obtain financial statements of the target company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and submit all relevant information to the Board of Directors for approval.</p> <p>5) Paragraph 4 may apply to the acquisition and disposition of the securities held for short-term purpose. In addition, the Board of Directors may <u>authorize the Chairman to undertake</u> investments and approve the transaction with a dollar amount not exceeding the limit <u>specified in the Paragraph 2-3 of the Article 28 of the Procedures.</u></p> <p>6) <u>Investments by the Company in stocks, corporate bonds, and securities issued through private placement that are not traded on centralized exchange markets or over the counter markets and the total dollar amount of the said investment needs to announce to the public or report to FSC, the investment shall obtain the approval by a resolution of the Board of Directors prior to the date of the transaction occurred.</u></p>	<p>Article 28 of the Procedures.</p> <p>4) In the case of acquiring or disposing securities held for long-term purpose, the Finance/Accounting Department or other responsible units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment. In addition, prior to the date of transaction occurred, the finance/accounting units or other responsible units shall obtain financial statements of the target company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and submit all relevant information to the Board of Directors for approval.</p> <p>5) Paragraph 4 may apply to the acquisition and disposition of the securities held for short-term purpose. In addition, the Board of Directors may <u>authorize, in accordance with the Internal Delegation Rules, person-in-charge to undertake</u> investments and approve the transaction with a dollar amount not exceeding the limit <u>specified in the Article 28 of the Procedures.</u></p> <p>6) <u>Deleted.</u></p>	
Article 9	Current Article	Proposed Changes	Reasons
	In the case of <u>real property or equipment</u> acquired or disposed by the Company other than as a result of transactions with <u>the government</u> , government agencies,	In the case of <u>real property, equipment, or right-of-use assets</u> acquired or disposed by the Company other than as a result of transactions with the <u>domestic</u> .	Wordings amended as domestic

	<p>entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of <u>equipment</u> for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report; furthermore, the following provisions shall be complied with:</p> <p>1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraisers shall be engaged to provide their appraisals.</p> <p>3) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by R.O.C. Accounting Research and Development Foundation (hereinafter as ARDF); furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty</p>	<p><u>government</u>, government agencies, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of <u>equipment or right-of-use assets</u> for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report; furthermore, the following provisions shall be complied with:</p> <p>1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraisers shall be engaged to provide their appraisals.</p> <p>3) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by R.O.C. Accounting Research and Development Foundation (hereinafter as ARDF); furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty</p>	<p>government will de facto not manipulate the price of assets.</p>
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	<p>per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater.</p> <p>4) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p>	<p>per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater.</p> <p>4) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p>	
Article 13	Current Article	Proposed Changes	Reasons
	<p>The Company shall, if it acquires or disposes <u>real property</u> from or to related parties, or if it acquires or disposes other assets except <u>real property</u> from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of <u>government bonds</u> or bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p>1) Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p>2) Reasons for transacting with related parties;</p> <p>3) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to Article 14 and Article 15 herein, when acquiring <u>real property</u> from related parties;</p>	<p>The Company shall, if it acquires or disposes <u>real property or right-of-use assets</u> from or to related parties, or if it acquires or disposes other assets except <u>real property or right-of-use assets</u> from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of <u>domestic government bonds</u>, or bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p>1) Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p>2) Reasons for transacting with related parties;</p> <p>3) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to Article 14 and Article 15 herein, when acquiring <u>real property or right-of-use assets</u> from related parties;</p>	<p>Domestic government bonds are de facto risk-free, and can be exempted from the approval of the Audit Committee and the Board of Directors.</p>

	<p>4) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>5) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund;</p> <p>6) Pursuant to the paragraph 1 of Article 13, the appraisal reports made by the professional appraisers or accountants' opinions; and</p> <p>7) Restrictions on this transaction and other key contractual issues.</p> <p>The transaction amount referring in the preceding paragraph shall be calculated in accordance with Paragraph 2 of Article 26. "Within one (1) year" as used in Paragraph 2 of Article 26 refers to the year preceding the date of occurrence of the current transaction. Items that the Company has obtained the consent of the Audit Committee and the approval of the Board of Directors in accordance with the Procedures need not be counted toward the transaction amount.</p> <p><u>In the case of the Company or Subsidiaries obtaining or disposing equipment used for operational purpose, the Board of Directors may authorize the Chairman to approve or disapprove the transaction under a pre-determined amount pursuant to the Paragraphs 1 and 2 of Article 7 in the Procedures.</u> The said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>4) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>5) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund;</p> <p>6) Pursuant to the paragraph 1 of Article 13, the appraisal reports made by the professional appraisers or accountants' opinions; and</p> <p>7) Restrictions on this transaction and other key contractual issues.</p> <p>The transaction amount referring in the preceding paragraph shall be calculated in accordance with Paragraph 2 of Article 26. "Within one (1) year" as used in Paragraph 2 of Article 26 refers to the year preceding the date of occurrence of the current transaction. Items that the Company has obtained the consent of the Audit Committee and the approval of the Board of Directors in accordance with the Procedures need not be counted toward the transaction amount.</p> <p><u>In the case that real property, equipment, or right-of-use assets for operational purpose is acquired or disposed between the Company or Subsidiaries, or between subsidiaries in which it directly or indirectly holds 100 per cent (100%) of the issued shares or authorized capital, the Board of Directors may authorize the Chairman to approve or disapprove the transaction with a total amount not exceeding Three Hundred Million New Taiwan Dollars (NT\$300 million).</u> The said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	
Article 14	Current Article	Proposed Changes	Reasons
	In the case of the Company obtaining <u>real</u>	In the case of the Company obtaining <u>real</u>	Wordings

	<p><u>property</u> from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <ol style="list-style-type: none"> 1) In addition to the related party's transaction price, the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance. 2) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties. <p>Where both the land and the buildings on it are purchased in total, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p>	<p><u>property or right-of-issue assets</u> from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <ol style="list-style-type: none"> 1) In addition to the related party's transaction price, the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance. 2) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties. <p>Where both the land and the buildings on it are purchased in total, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p>	<p>amended to regulate the acquisition or disposition of right-of-use assets.</p>
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	<p>Under any one of the following circumstances in which the Company acquires <u>real property</u> from related parties, it needs only undertake provisions of Article 13; the evaluation of fairness of transaction cost as provided for in Paragraphs 1, 2, and 3 hereunder shall not apply:</p> <ol style="list-style-type: none"> 1) The related party having obtained the <u>real property</u> by way of inheritance or gift; 2) The time lapse between the related party's contract for acquisition of the <u>real property</u> and this transaction exceeds five (5) years; <u>or</u> 3) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented <u>land</u>. 	<p>Under any one of the following circumstances in which the Company acquires <u>real property or right-of-use assets</u> from related parties, it needs only undertake provisions of Article 13; the evaluation of fairness of transaction cost as provided for in Paragraphs 1, 2, and 3 hereunder shall not apply:</p> <ol style="list-style-type: none"> 1) The related party having obtained the <u>real property or right-of-use assets</u> by way of inheritance or gift; 2) The time lapse between the related party's contract for acquisition of the <u>real property or right-of-use assets</u> and this transaction exceeds five (5) years; 3) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented <u>land; or</u> 4) <u>The real property right-of-use assets for business use are acquired/disposed between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 per cent (100%) of the issued shares or authorized capital.</u> 	<p>Wordings amended to regulate the acquisition or disposition of right-of-use assets.</p> <p>Item 4 is added to regulate the transaction of right-of-use assets between the Company and its subsidiaries, and between subsidiaries wholly-owned.</p>
Article 15	Current Article	Proposed Changes	Reasons
	<p>Where the evaluated results pursuant to items 1) and 2) of Paragraph 2 in Article 13 are lower than the transaction price, the Company shall follow Article 16 of the Procedures; however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p>	<p>Where the evaluated results pursuant to items 1) and 2) of Paragraph 2 in Article 13 are lower than the transaction price, the Company shall follow Article 16 of the Procedures; however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p>	

	<p>1) The related party having undertaken construction on undeveloped land or rental land may offer evidence in respect of its conformity to one the following conditions:</p> <p>a. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>b. <u>Successful</u> transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable space size, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for <u>sale and purchase of real property</u>.</p> <p>c. <u>Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.</u></p> <p>2) The Company providing evidence that the transaction conditions of <u>its purchase of real property from related</u></p>	<p>1) The related party having undertaken construction on undeveloped land or rental land may offer evidence in respect of its conformity to one the following conditions:</p> <p>a. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>b. <u>Completed</u> transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable space size, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for <u>sale, purchase or leasing of real property</u>.</p> <p>c. <u>Deleted</u></p> <p>2) The Company providing evidence that the transaction conditions of <u>its purchase or leasing of real property</u></p>	<p>Combined Items 1-a and 1-b into the same item.</p>
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	<p><u>party</u> are comparable with those <u>successful</u> cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space.</p> <p>"<u>Successful</u> cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter. "Within one (1) year" shall refer to the year preceding the date of occurrence of the said transaction.</p>	<p><u>right-of-use assets from related party</u> are comparable with those <u>completed</u> cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space.</p> <p>"<u>Completed</u> cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter. "Within one (1) year" shall refer to the year preceding the date of occurrence of the said transaction.</p>	
Article 16	Current Article	Proposed Changes	Reasons
	<p>Where the appraisal results pursuant to Articles 14 and 15 are all lower than the transaction price, the Company shall undertake the following:</p> <p>1) With respect to the difference between the transaction price <u>for the real property</u> and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed as cash dividends or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>2) <u>The Independent Directors</u> shall undertake measures in compliance with Article 218 of the R.O.C. Company Act; and</p>	<p>Where the appraisal results pursuant to Articles 14 and 15 are all lower than the transaction price, the Company shall undertake the following:</p> <p>1) With respect to the difference between the transaction price <u>for the real property or real property right-of-use assets</u> and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed as cash dividends or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>2) <u>The Independent Directors of the Audit Committee</u> shall undertake measures in compliance with Article 218 of the R.O.C. Company Act; and</p>	<p>Wordings amended to be in compliance with IFRS No. 16.</p>

	<p>3) The shareholders' meeting shall be informed of measures under items 1) and 2) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets <u>it purchased at premium, or they have been disposed of, or adequate compensation had been made, or status quo ante has been restored</u>, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraphs 1 and 2 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>3) The shareholders' meeting shall be informed of measures under items 1) and 2) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets <u>it purchased or leased at premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation had been made, or status quo ante has been restored</u>, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraphs 1 and 2 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
Article 26	Current Article	Proposed Changes	Reasons
	<p>Under any of the following circumstances, the Company when acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by FSC designated in the appropriate format (in the prescribed format and via the Internet-based information system) within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>1) <u>Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party</u> where the transaction amount reaches 20 per cent (20%) or more of paid-in capital, 10 per cent (10%) or more of the Company's total assets, or NT\$300 million or more; provided, this</p>	<p>Under any of the following circumstances, the Company when acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by FSC designated in the appropriate format (in the prescribed format and via the Internet-based information system) within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>1) <u>Acquisition or disposal of real property or real property right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or real property right-of-use assets</u> from or to a related party where the transaction amount reaches 20 per cent (20%) or more of paid-in capital, 10 per cent (10%) or</p>	<p>Wordings amended to be in compliance with IFRS No. 16.</p>

<p>shall not apply to <u>trading of government bonds</u>, bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies;</p> <p>2) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>3) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade; and</p> <p>4) The assets so acquired or disposed are <u>equipment for business purposes</u> and in which the counterparties are not related parties, and that the transaction amount is:</p> <p>a. Less than NT\$ 500 million; while the paid-in capital of the counterparty is less than NT\$10,000 million; and</p> <p>b. Less than NT\$1,000 million; while the paid-in capital of the counterparty reaches NT\$10,000 million or more.</p> <p>5) <u>The assets so acquired or disposed are real property for construction purpose and in which the counterparties are not related parties, and that the transaction amount is less than NT\$500 million;</u></p> <p>6) <u>Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</u></p> <p>7) <u>Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u></p> <p>a. <u>Sale and purchase of government</u></p>	<p>more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to <u>trading of domestic government bonds</u>, bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies;</p> <p>2) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>3) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade; and</p> <p>4) The assets so acquired or disposed are <u>equipment or equipment right-of-use assets for business purposes</u> and in which the counterparties are not related parties, and that the transaction amount is:</p> <p>a. Less than NT\$ 500 million; while the paid-in capital of the counterparty is less than NT\$10,000 million; and</p> <p>b. Less than NT\$1,000 million; while the paid-in capital of the counterparty reaches NT\$10,000 million or more.</p> <p>5) <u>Deleted.</u></p> <p>5) <u>Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</u></p> <p>6) <u>Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u></p> <p>a. <u>Sale and purchase of domestic</u></p>
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	<p><u>bonds;</u></p> <p><u>b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</u></p> <p><u>subscription of corporate bonds and bank debentures without an equity nature in the domestic primary market, or subscription of securities by a securities firm as an underwriter of the issuing company in the primary market or in accordance with relevant regulations specified by the GreTai Securities Market; and</u></p> <p><u>c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds offered by domestic investment trust companies.</u></p> <p>The calculation of transaction amount for the prescribed items is as follows:</p> <ol style="list-style-type: none"> 1) Each single transaction amount; 2) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature; 3) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of <u>real property</u> under the same development project within one (1) year; or 4) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year. <p>"Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	<p><u>government bonds; and</u></p> <p><u>b. Deleted.</u></p> <p><u>b. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds offered by domestic investment trust companies.</u></p> <p>The calculation of transaction amount for the prescribed items is as follows:</p> <ol style="list-style-type: none"> 1) Each single transaction amount; 2) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature; 3) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of <u>real property or real property right-of-use assets</u> under the same development project within one (1) year; or 4) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year. <p>"Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	
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	<p>The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting website appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries.</p> <p>Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two (2) days, commencing immediately from the date of the said errors and omissions found by the Company.</p> <p>The Company shall file at its premises all contracts, minutes of meetings, record books, valuation reports and opinions of accountants, lawyers or securities underwriters relating to its acquisition or disposition of assets for a minimum of five (5) years, unless otherwise stipulated by the law.</p>	<p>The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting website appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries.</p> <p>Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two (2) days, commencing immediately from the date of the said errors and omissions found by the Company.</p> <p>The Company shall file at its premises all contracts, minutes of meetings, record books, valuation reports and opinions of accountants, lawyers or securities underwriters relating to its acquisition or disposition of assets for a minimum of five (5) years, unless otherwise stipulated by the law.</p>	
Article 29	Current Article	Proposed Changes	Reasons
	<p>Where the subsidiaries are not local public companies, the Company shall undertake the public announcement and report in respect of the said subsidiaries' acquisition or disposal of assets, where the same are required to be disclosed pursuant to the provisions of "Regulations Governing Acquisition or Disposition of Assets by Public Companies".</p> <p><u>For public announcement and reports of subsidiaries, "twenty per cent (20%) of the paid-in capital, or ten per cent (10%) of the total assets" stipulated in Item 4) of Paragraph 1) of Article 26 shall mean the paid-in capital and the total assets of the parent company alone.</u></p> <p>"Ten per cent (10%) of the total assets"</p>	<p>Where the subsidiaries are not local public companies, the Company shall undertake the public announcement and report in respect of the said subsidiaries' acquisition or disposal of assets, where the same are required to be disclosed pursuant to the provisions of "Regulations Governing Acquisition or Disposition of Assets by Public Companies".</p> <p><u>The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining if, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 26. paragraph 1.</u></p> <p>"Ten per cent (10%) of the total assets"</p>	<p>Clearly define the threshold that the Company shall make public announcements on behalf of subsidiaries.</p>

	<p>hereinabove mentioned in the Procedures shall be calculated based on the financial statements of the parent company alone for the most recent period, certified or reviewed by a certified public accountant.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of twenty per cent (20%) of paid-in capital under the Procedures, ten per cent (10%) of equity attributable to owners of the parent shall be substituted.</p>	<p>hereinabove mentioned in the Procedures shall be calculated based on the financial statements of the parent company alone for the most recent period, certified or reviewed by a certified public accountant.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of twenty per cent (20%) of paid-in capital under the Procedures, ten per cent (10%) of equity attributable to owners of the parent shall be substituted. <u>For calculations regarding transaction amounts relative to paid-in capital of Ten Billion New Taiwan Dollars (NT\$10 billion), Twenty Billion New Taiwan Dollars (NT\$20 billion) of equity attributable to owners of the parent shall be substituted.</u></p>	
Article 31	Current Article	Proposed Changes	Reasons
	<p>The amendment of these Procedures shall be approved by the Audit Committee and the Board of Directors, and shall furthermore be submitted for approval at the shareholders' meeting. The Company shall also forward the Directors' dissents recorded in the meeting minutes or written statements to the Audit Committee.</p> <p>The subsidiaries shall also formulate their respective "Procedures for Acquisition and Disposition of Assets" in accordance with the provisions of "Regulations Governing Acquisition and Disposition of Assets by Public Companies". <u>A copy of the said procedures shall be submitted to the Company's Board of Directors for approval.</u> The aforesaid shall also apply to amendments to the said procedures.</p>	<p>The amendment of these Procedures shall be approved by the Audit Committee and the Board of Directors, and shall furthermore be submitted for approval at the shareholders' meeting. The Company shall also forward the Directors' dissents recorded in the meeting minutes or written statements to the Audit Committee.</p> <p>The subsidiaries shall also formulate their respective "Procedures for Acquisition and Disposition of Assets" in accordance with the provisions of "Regulations Governing Acquisition and Disposition of Assets by Public Companies" <u>and submit to their respective Board of Directors Meeting for approval, and shall thereafter submit their respective Procedures to the Finance Department of the Company for review.</u> The aforesaid shall also apply to amendments to the said Procedures.</p>	

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

Attachment X

Overview of the Elite Material Co., Ltd. Bylaws on “Procedures to Engage in the Transactions of Financial Derivative Products” amendments

Article 1	Current Article	Proposed Changes	Reasons
	The “Procedures to Engage in the Transactions of Financial Derivative Products” (“Procedures”) outlined herein is made in accordance with the “Guidelines For Acquisition and Disposition of Assets of Public Companies” <u>promulgated by Financial Supervisory Commission (hereinafter referred as “FSC”) on 20th April 2007.</u>	The “Procedures to Engage in the Transactions of Financial Derivative Products” (“Procedures”) outlined herein is made in accordance with the “Guidelines For Acquisition and Disposition of Assets of Public Companies” <u>promulgated by Financial Supervisory Commission (hereinafter referred as “FSC”).</u>	Amended based on the updated regulations of the financial regulatory authority.
Article 2	Current Article	Proposed Changes	Reasons
	The financial derivative products referred herein are defined as instruments that derive their value from the performance of <u>assets, interest rates, foreign exchange rates, indexes, or other interests.</u> The said <u>other interests</u> include forward contracts, options, futures, leverage contracts, swaps, <u>and the hybrid products consisted by them.</u>	The financial derivative products referred herein are defined as instruments that derive their value from the performance of <u>specified interest rates, prices of financial instruments, commodity prices, foreign exchange rates, price or rate indexes, credit ratings or credit indexes, or other transaction contracts based on other various interests.</u> The said <u>other various interests</u> include forward contracts, options, futures, leverage contracts, swaps, <u>hybrid products consisted by them, and contracts or structured products embedded with financial derivative products.</u>	The definition of financial derivative products is amended in accordance with IFRS No. 9.
Article 5	Current Article	Proposed Changes	Reasons
	The financial derivative products can be traded <u>are limited to forward contracts and options of foreign currencies.</u>	The financial derivative products can be traded are limited to: 1. <u>For hedging purpose:</u> forward contracts and options of foreign currencies. 2. <u>For other specific purpose:</u> <u>capital-protected structured investment.</u>	Increase the purpose of entering into financial derivative transactions.
Article 6	Current Article	Proposed Changes	Reasons
	Trading forward contracts and options of foreign currencies is for the purpose of	<u>Strategy</u> 1. <u>For hedging purpose:</u> Trading forward contracts and options of	Amended in accordance with the Letter issued

	hedging risk of business operations; otherwise trading is prohibited. The underlying currencies of financial derivatives being traded must be those the Company needs for the purpose of import and export.	foreign currencies is for the purpose of hedging risk of business operations; otherwise trading is prohibited. The underlying currencies of financial derivatives being traded must be those the Company needs for the purpose of import and export. 2. <u>For other specific purpose: Approval must be obtained from the delegated supervisor prior to transactions.</u>	by FSC (Letter No. Zhen-Fa-Zi 1070341072).
Article 7	Current Article	Proposed Changes	Reasons
	Financial personnel in charge of financial derivatives trading shall, based on the net exposure position calculated from the foreign currency position statistics and bills under letter of credit, submit trading strategy, and conduct the transaction in accordance with the strategy after the said strategy being approved <u>by the President and the Chairman</u> . Should the planned trading be different from the said strategy, the financial personnel in charge need to receive the approval from <u>the President and the Chairman</u> prior to engaging in transactions.	<u>Authorization and Delegation</u> Financial personnel in charge of financial derivatives trading shall, based on the net exposure position calculated from the foreign currency position statistics and bills under letter of credit, submit trading strategy, and conduct the transaction in accordance with the strategy after the said strategy being approved <u>by the delegated supervisor according to the internal control procedures</u> . Should the planned trading be different from the said strategy, the financial personnel in charge need to receive the approval from <u>the said delegated supervisor again</u> prior to engaging in transactions.	Amended in accordance with the Letter issued by FSC (Letter No. Zhen-Fa-Zi 1070341072).
Article 8	Current Article	Proposed Changes	Reasons
	1. The total amount of transaction contracts for hedging foreign currency risks shall not exceed that the Company needs for import and export. 2. The maximum loss limit on foreign currency risk hedging transactions is: 1) For individual contracts: the maximum loss limit is <u>30%</u> of the amount of each individual contract. 2) For total contract: The maximum loss limit is <u>10%</u> of the aggregate amount of all contracts. Should the maximum limit, either for individual contracts or for total contracts,	<u>Transaction Contract Dollar Amount and Loss Control</u> <u>A. For hedging purpose:</u> 1. The total amount of transaction contracts for hedging foreign currency risks shall not exceed that the Company needs for import and export. 2. The maximum loss limit on foreign currency risk hedging transactions is: 1) For individual contracts: the maximum loss limit is <u>20%</u> of the amount of each individual contract. 2) For total contract: The maximum loss limit is <u>20%</u> of the aggregate amount of all contracts. Should the maximum limit, either for individual contracts or for total contracts,	The maximum loss limit for hedging purpose is amended.

	reach the said limit for two consecutive months, <u>the President and the Chairman</u> shall be notified the situation and decide if transactions to stop loss shall be conducted. The handling procedures and results shall be reported to the Board of Directors afterwards.	reach the said limit for two consecutive months, <u>the aforesaid delegated supervisor</u> shall be notified the situation and decide if transactions to stop loss shall be conducted. The handling procedures and results shall be reported to the Board of Directors afterwards. <u>B. For other specific purpose:</u> 1. <u>Transaction plans must be formulated according to the specific purpose, and prior to undertake transactions, approval shall be obtained.</u> 2. <u>The maximum loss limit on total trading and for individual contracts is 5% of the transaction contract dollar amount.</u>	The maximum loss limit for other specific purpose is added.
Article 9	Current Article	Proposed Changes	Reasons
	The performance of financial personnel in charge shall be examined and evaluated once per week. The performance evaluation report shall be submitted to <u>the Finance Manager, the President, and the Chairman</u> twice per month, for the purpose of examining and improving the hedging strategy.	<u>Performance Evaluation</u> 1. <u>For hedging purpose:</u> The performance of financial personnel in charge shall be examined and evaluated once per week. The performance evaluation report shall be submitted to <u>the aforesaid delegated supervisor</u> twice per month, for the purpose of examining and improving the hedging strategy. 2. <u>For other specific purpose:</u> <u>Derivative trading positions held shall be evaluated on weekly basis, and the evaluation report shall be submitted for review to the aforesaid delegated supervisor.</u>	Wordings being modified, and the performance evaluation process is added for derivative trading for other specific purpose.
Article 13	Current Article	Proposed Changes	Reasons
	<u>The profit or loss of engaging in financial derivative product transactions is calculated and recorded when the contract is terminated, and is not required to evaluate the accrued profit and loss based on the prevailing market price at the end of each month.</u>	<u>The accounting treatment of engaging in financial derivative product transactions shall be made, on monthly basis, based on the relevant accounting principles by the end of month.</u>	Article is amended to make accounting treatment more real time.
Article 19	Current Article	Proposed Changes	Reasons
		<u>Risk management shall include the risk management of credit, market, liquidity, cash flow, operation, and law.</u>	Article added to define risk management.

Article 21	Current Article	Proposed Changes	Reasons
	<p>Article 20. <u>Supervisor of the Finance Department</u> shall, at all times, oversee and control the risk of derivative transactions, and, on a regular basis, evaluate if the results and performance of the derivative transactions conform to the Company's overall business and operating strategies and if the attendant risk of these transactions is within the capability of the Company. Meanwhile, <u>the same supervisor</u> shall, on a regular basis, review the level of adequacy of current risk control process and its degree of consistency with the principles and procedures set forth herein.</p>	<p>Article 21. <u>Finance Manager</u> shall, at all times, oversee and control the risk of derivative transactions, and, on a regular basis, evaluate if the results and performance of the derivative transactions conform to the Company's overall business and operating strategies and if the attendant risk of these transactions is within the capability of the Company. Meanwhile, <u>Finance Manager</u> shall, on a regular basis, review the level of adequacy of current risk control process and its degree of consistency with the principles and procedures set forth herein. <u>Finance Manager should also be in the course of supervising trading and profit-loss circumstances. Once having identified unusual performances and results, Finance Manager needs to report to the Board of Directors Meeting and undertake any actions deemed necessary to correct the situation. Where the company has independent directors, an independent director shall be present at the meeting and express an opinion.</u></p>	<p>Amended in accordance with the Letter issued by FSC (Letter No. Zhen-Fa-Zi 1070341072).</p>

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

GENERAL INFORMATION

I. Articles of Incorporation of Elite Material Co., Ltd.

As last amended on 13 June 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 its 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.*

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

As last amended on 13 June 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.*

III. Elections Procedures of Directors and Independent Directors of Elite Material Co., Ltd.

As last amended on 13 June 2016

1. The election of Directors (including Independent Directors) shall be pursued in accordance with the procedures herein.
2. The cumulative voting method shall be used for election of the Directors. Each share will have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.
3. The ballots shall be prepared by the Board of Directors, numbered according to the attendance card numbers and noted with share number represented for voting.
4. Before the election begins, the chairperson shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
5. The ballot box is prepared by the Company, and examined publicly by the vote monitoring personnel before voting.
6. If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and the number of identity document of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the number, the name of government or juristic person and the representative name. If there are more than one representative, all the representative names shall be listed.
7. The ballot shall be considered invalid in any of the following situations:
 - 1) The ballot is not provided under the rules herein;
 - 2) A blank ballot is placed in the ballot box;
 - 3) The writing is unclear and indecipherable or has been altered;
 - 4) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match;
 - 5) Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted;

- 6) Ballot not filled out according to article 6; or
 - 7) One ballot with more than two candidate names listed.
8. 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. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.
- Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations.
- 8-1 More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other Director.
9. For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected on the site.
10. The Board of Directors shall issue notifications to the persons elected as Directors or Independent Directors.
11. Matters not specified in the procedures shall be conducted in accordance with the Company Act, the Article of Incorporation, and other relevant regulations.
12. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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

As last amended on 14 June 2018

- 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 Article 36-1 of Securities and Exchange Act and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred as 'Regulations')" promulgated by the Financial Supervisory Commission (hereinafter referred as "FSC").
- 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").
 - 3) Subsidiaries of the Company may provide loan to one another.
- "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 business transactions between both parties, and the three per cent (3%) of the Company's Latest Net Worth. The amount involved in the aforesaid business transactions refers to the value represented by the orders placed, sales or transactions contemplated by the parties in the most recent year. The aggregate amount of such loans shall not exceed thirty per cent (30%) 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) The total amount of inter-company loans of funds between overseas subsidiaries 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.

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 procurements 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.
- c. 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.

4) 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.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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.

11) Deleted.

12) 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 Control procedures for subsidiaries' loan extension:

- 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.
- 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.

Article 15 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.*

V. Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.

As last amended on 13 June 2017

Article 1 All endorsements and guarantees of the Company and its subsidiaries shall be in compliance with these "Procedures of Endorsements and Guarantees" ("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 All endorsements and guarantees referred to herein shall have the meaning set forth below:

- 1) Financing endorsements and guarantees, including:
 - a. Bills discounting financing;
 - b. Endorsements or guarantees made to meet the financing needs of another companies; and
 - c. Issuance of a separate bills to a non-financial enterprise as security to meet the financing needs of the Company.
- 2) Customs duty endorsements and guarantees refer to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- 3) Other endorsements and guarantees refer to those beyond the scope of the above sub-paragraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall be governed by these Procedures.

Article 4 The Company may make endorsements/guarantees for the following companies:

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

Subsidiaries, whose voting shares are ninety per cent (90%) owned, directly or indirectly, by the Company, may make endorsements/guarantees for each other, provided that the amount of endorsements and guarantees made by such subsidiaries shall be less than ten per cent (10%) of the Company's net worth,

which is the latest number audited or reviewed by the certified public accountant ("the Company's Latest Net Worth"), and provided the said endorsements/guarantees shall obtain prior consent of the Audit Committee and then approval by a resolution of a Board of Directors meeting. The aforesaid amount ceiling shall not apply to subsidiaries whose voting shares are one hundred per cent (100%) owned, directly or indirectly, by the Company.

Subsidiaries and holding companies as referred to herein these Procedures shall be those as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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.

The above restrictions in Paragraph 2 of this Article shall not apply to the circumstance where all shareholders make endorsements/ guarantees for their jointly invested companies in proportion to their shareholding percentages.

Article 5 Prior to the provision of endorsements or guarantees, the responsible unit shall prepare the relevant information and documents and submit such to the Audit Committee for approval, and then the Board of Directors for approval. Under the following circumstances, the Board of Directors may authorize the Chairman to approve such provision, subject to ratification by the Audit Committee and Board of Directors in the upcoming meeting:

- 1) The provision is in compliance with the Articles of Incorporation of Elite Material Co., Ltd.;
- 2) The amount of endorsement and guarantee made shall be no more than the amount authorized by the Board of Directors to the Chairman; and
- 3) The aggregate amount of endorsement and guarantee is in compliance with Article 6.

Where the Company proposes to provide an endorsement and/or guarantees as a result of business transactions which is in conformity with the conditions set out herein but exceed the limit as stipulated in these Procedures as a result of business needs, it shall submit to the Audit Committee, then acquire the approval of the Board of Directors and the joint guarantee by more than half of the Directors in respect of the possible loss incurred by the excessive guarantee, as well as amendment to these Procedures subject to ratification by the Shareholders' Meeting. In the event that the Shareholders' Meeting raises objection, the Company shall formulate a proposal to cancel the excess within stipulated time limit.

Article 6 The aggregate amount of endorsements and guarantees issued by the Company shall be no more than the Company's Latest Net Worth at the time the

endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.

Companies with whom the Company has business relationships are those the Company sells products to and/or provides with service; however, subsidiaries of the Company are excluded.

Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees, and shall be limited to ten per cent (10%) of the Company's Latest Net Worth.

The aggregate amount of endorsements and guarantees issued by the Company to those said in the preceding paragraph shall be limited to ten percent (10%) of the Company's Latest Net Worth.

The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall be no more than the Company's Latest Net Worth at the time the endorsements and guarantees are issued. The total amount of endorsements and guarantees made by the Company and its subsidiaries for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.

Where endorsements/guarantees are made to the Company's subsidiaries, net worth of those falls below 50% of their paid-in capital, the Company shall closely monitor the financial conditions, operations, and credit standings of such subsidiaries. Should collaterals be provided, the Company shall also monitor the change in the value of the said collaterals. Where any materially adverse event occurs, the Company shall terminate such endorsements/ guarantees or take other appropriate actions. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7 The Company shall make endorsements/guarantees in compliance with the followings:

- 2) When endorsements/guarantees are made or terminated by the Company and its subsidiaries, the responsible unit is required to fill in the "Form of Application/Termination for Endorsements and/or Guarantees", stating companies making the said endorsements/guarantees, companies to be secured, types, reasons and amounts, and seek for the approval from the Chairman.

- 3) The Company shall each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month, in compliance with the rules of the FSC.
- 4) Prior to the provision of endorsements and/or guarantees, the following items shall be evaluated:
 - a. necessity and rationale of the endorsements/guarantees;
 - b. credit standing and risk evaluation of the party to be secured under such endorsements/guarantees;
 - c. impact on the Company's operation, financial condition and shareholders' interests; and
 - d. whether collaterals are required and appraised values of such collaterals.
- 5) The Company's endorsements and guarantees shall be made based on the "Application for Endorsements and/or Guarantees" duly filled by the company requiring the same. The Company shall set up specific files and record in details of the name of the company secured by endorsements/guarantees provided, the relevant amount, the date of resolved by the Audit Committee, the date of resolved by the Board or that on which the Chairman had approved, the date of endorsements and guarantees, and matters of due diligence as required in the preceding paragraph.
- 6) Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits 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.
- 7) The Company's internal audit office shall conduct at least a quarterly audit of these Procedures and make written records on the status of implementation in details. In the event of major irregularities, the internal audit office shall inform the Audit Committee of the same in writing.
- 8) 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 the conditions abovementioned, these Procedures or providing endorsements and/or guarantees.
- 9) 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 minutes of Board of Directors meeting. The Audit Committee members and the Board of Directors members as stated will only calculate the members in present position.

Article 8 Safekeeping of the seal designated for the provision of endorsements and guarantees:

- 1) The Company shall use its seal registered with the Ministry of Economic Affairs as the designated seal for the provision of endorsements and guarantees.
- 2) When subsidiaries of the Company are registered overseas, the aforesaid seal shall be replaced by the seal registered with the local authority or by a letter of guarantee signed by a person authorized by the Board of Directors.
- 3) The designated seal for the provision of endorsements and guarantees of the Company shall be handed to appointed persons for safekeeping; use of the said seals shall be in conformity with the Company's regulations. The Board of Directors shall give its approval for the appointment of or changes to the person tasked with the safekeeping of seals.
- 4) Where the Company provides guarantees for foreign companies, its letter of guarantee shall be signed by a person authorized by the Board of Directors.

Article 9 Matters about public announcement:

- 1) The Company shall before the 10th day of each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.
- 2) Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within two (2) days commencing immediately from the date of occurrence:
 - a. The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached fifty per cent (50%) or more of the Company's Latest Net Worth; or
 - b. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached twenty per cent (20%) or more of the Company's Latest Net Worth; or
 - c. The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, any investment of a long-term nature in, and balance of loans to, such company has reached thirty per cent (30%) of the Company's Latest Net Worth; or
 - d. The additional individual endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.
- 3) 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 any subparagraph of the preceding paragraph.
- 4) The "public announcement and report" referred to herein shall be those entered into the website designated by the FSC for reporting information.

- 5) "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.

Article 10 The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the certified accountants with relevant materials for them to carry out the necessary audit processes.

Article 11 Endorsements/guarantees provided by the Company shall be in compliance with the Regulations 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 12 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.*

VI. Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd.

As last amended on 13 June 2017

Article 1 The Procedures are made in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission (hereinafter referred to as FSC) of Executive Yuan, Taiwan Government.

Article 2 Acquisition or disposition of assets by the Company shall be carried out in accordance with these "Procedures for Acquisition and Disposition of Assets of Elite Material Co., Ltd." ("Procedures"); provided, where another law or regulation provides otherwise, such provisions shall govern.

Article 3 Assets in the Procedures include:

- 1) Securities: stocks, government bonds, corporate bonds, bank debentures, beneficiary certificates of mutual funds, depository receipts, call/put warrants, asset-backed securities and other investments;
- 2) Real estate (including land, houses and buildings, investment properties, rights to use land, and inventory carried by construction companies) and equipment;
- 3) Club memberships;
- 4) Patents, copyrights, trademarks, licenses and other intangible assets;
- 5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
- 6) Derivative products;
- 7) Assets acquired or disposed through merger, spin-off, acquisition, or transfer of shares in accordance with laws;
- 8) Other major assets.

Article 4 Terms used in the Procedures are defined as follows:

- 1) Derivatives: Forward contracts, option contracts, futures contracts, leverage contracts, and swap contracts and compound contracts combining the above products whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) agreements;
- 2) Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares: Refers to assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger

Act and other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under Article 156, paragraph 8 of the Company Act;

- 3) Related party or Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers;
- 4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment;
- 5) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Regulatory Authorities is required, the earlier of the above date or the date of receipt of approval by the Regulatory Authorities shall apply; Patents, copyrights, trademarks, licenses and other intangible assets;
- 6) Mainland area investment: Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 6 Where the approval of the Board of Directors is required in respect of acquisition or disposition of material assets pursuant to the Procedures or by virtue of other law, such matters shall be approved by more than half of all Audit Committee members, and approved by a resolution of the Board of Directors.

According to the Procedures, the matters that shall be approved by the Audit Committee shall receive consent by a resolution made by more than half members of all Audit Committee members. If not, 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 7

- 1) Prior to the Company acquiring real estate and equipment, the Procurement Office, the Administrative Section, or other responsible units shall evaluate the reason of acquisition, the targeted asset, the counterparty of the transaction,

the transaction price, terms of payment and collection, and the reference to determine the transaction price, and then execute the transaction in compliance with the Article 24 of the Articles of Incorporation of Elite Material Co., Ltd.

- 2) Prior to the Company disposing real estate and equipment, the Administrative Section or other responsible units shall evaluate the target assets of disposition, the counterparty of the transaction, the transaction price, terms of payment and collection, and the reference to determine the transaction price. All relevant information shall be submitted to the Board of Directors for approval before undertaking the said transaction. After being authorized by the Board of Directors, the Chairman of the Company may have the authority to undertake transactions, which the total dollar amount is not in excess of certain pre-determined level.
- 3) Paragraph 1 and 2 of this Article may apply to the acquisition and disposition of real estate and equipment not for business purpose, provided the total dollar amount is not in excess of the limit specified in the paragraph 1 of the Article 28 of the Procedures.
- 4) In the case of acquiring or disposing securities held for long-term purpose, the Finance/Accounting Department or other responsible units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment. In addition, prior to the date of transaction occurred, the finance/accounting units or other responsible units shall obtain financial statements of the target company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and submit all relevant information to the Board of Directors for approval.
- 5) Paragraph 4 may apply to the acquisition and disposition of the securities held for short-term purpose. In addition, the Board of Directors may authorize the Chairman to undertake investments and approve the transaction with a dollar amount not exceeding the limit specified in the Paragraph 2-3 of the Article 28 of the Procedures.
- 6) Investments by the Company in stocks, corporate bonds, and securities issued through private placement that are not traded on centralized exchange markets or over the counter markets and the total dollar amount of the said investment needs to announce to the public or report to FSC, the investment shall obtain the approval by a resolution of the Board of Directors prior to the date of the transaction occurred.

Article 8 Where the position of independent director has been created, when matters about the acquisition and disposition of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraphs, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded

in the minutes of the Board of Directors meeting.

Article 9 In the case of real property or equipment acquired or disposed by the Company other than as a result of transactions with the government, government agencies, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipment for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report; furthermore, the following provisions shall be complied with:

- 1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- 2) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraisers shall be engaged to provide their appraisals.
- 3) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by R.O.C. Accounting Research and Development Foundation (hereinafter as ARDF); furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:
 - i) The appraisal results differ from the transaction amount by twenty per cent (20%) or greater;
 - ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater.
- 4) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.

Article 10 The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty per cent (20%) of the Company's paid-in capital or NT\$300

million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. Should the aforesaid accountant needs to refer to experts' opinions, Auditing Standards No. 20 published by the ARDF shall be abided by. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the FSC.

"Within one (1) year" as used in Paragraph 2 of Article 26 refers to the year preceding the date of occurrence of the current transaction. Items that the Company has obtained the appraisal reports of professional appraisers or accountants' opinions in accordance with the Procedures need not be counted toward the transaction amount.

Article 11 Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.

Article 12 Where acquiring or disposing real property from or to related parties, the Company shall pursuant to the provisions of this Procedures undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Procedures obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten per cent (10%) of the total assets of the Company or more.

The transaction amount referring in the preceding paragraph shall be calculated in accordance with Paragraph 2 of Article 10.

In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.

Article 13 The Company shall, if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:

- 1) Purpose of acquiring or disposing the said assets, its necessity and projected benefits;
- 2) Reasons for transacting with related parties;
- 3) Information relating to the appraisal of the fairness of the proposed transaction

conditions pursuant to Article 14 and Article 15 herein, when acquiring real property from related parties;

- 4) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;
- 5) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund;
- 6) Pursuant to the paragraph 1 of Article 13, the appraisal reports made by the professional appraisers or accountants' opinions; and
- 7) Restrictions on this transaction and other key contractual issues.

The transaction amount referring in the preceding paragraph shall be calculated in accordance with Paragraph 2 of Article 26. "Within one (1) year" as used in Paragraph 2 of Article 26 refers to the year preceding the date of occurrence of the current transaction. Items that the Company has obtained the consent of the Audit Committee and the approval of the Board of Directors in accordance with the Procedures need not be counted toward the transaction amount.

In the case of the Company or Subsidiaries obtaining or disposing equipment used for operational purpose, the Board of Directors may authorize the Chairman to approve or disapprove the transaction under a pre-determined amount pursuant to the Paragraphs 1 and 2 of Article 7 in the Procedures. The said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.

Article 14 In the case of the Company obtaining real property from related parties, it shall evaluate the fairness of the transaction costs in the following manner:

- 1) In addition to the related party's transaction price, the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.
- 2) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.

Where both the land and the buildings on it are purchased in total, the transaction costs for both the land and the buildings shall be separately evaluated using either

of the abovementioned methods.

In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.

Under any one of the following circumstances in which the Company acquires real property from related parties, it needs only undertake provisions of Article 13; the evaluation of fairness of transaction cost as provided for in Paragraphs 1, 2, and 3 hereunder shall not apply:

- 1) The related party having obtained the real property by way of inheritance or gift;
- 2) The time lapse between the related party's contract for acquisition of the real property and this transaction exceeds five (5) years; or
- 3) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

Article 15 Where the evaluated results pursuant to items 1) and 2) of Paragraph 2 in Article 13 are lower than the transaction price, the Company shall follow Article 16 of the Procedures; however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:

- 1) The related party having undertaken construction on undeveloped land or rental land may offer evidence in respect of its conformity to one the following conditions:
 - a. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;
 - b. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable space size, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase of real property.
 - c. Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which

there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.

- 2) The Company providing evidence that the transaction conditions of its purchase of real property from related party are comparable with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space.

"Successful cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter. "Within one (1) year" shall refer to the year preceding the date of occurrence of the said transaction.

Article 16 Where the appraisal results pursuant to Articles 14 and 15 are all lower than the transaction price, the Company shall undertake the following:

- 1) With respect to the difference between the transaction price for the real property and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed as cash dividends or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;
- 2) The Independent Directors shall undertake measures in compliance with Article 218 of the R.O.C. Company Act; and
- 3) The shareholders' meeting shall be informed of measures under items 1) and 2) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.

Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at premium, or they have been disposed of, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraphs 1 and 2 if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 17 While engaging in acquisition and disposition of derivative products, the Company shall comply with the "Procedures to engage in financial derivative trading of Elite Material Co., Ltd."

Article 18 The Company shall, prior to the Board of Directors' meeting to approve proposed mergers, demergers, acquisitions or transfer of shareholding by way of its resolution, seek opinions from accountants, lawyers or securities underwriters in respect of the share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets, and the said opinions shall be forwarded to the Board of Directors for their discussion.

Article 19 Public companies involved in the merger, demerger or acquisition shall, prior to their respective shareholders' meeting, compile public documents addressed to their shareholders, which documents shall set out the key contractual terms of the said merger, demerger or acquisition as well as relevant issues including experts' opinions abovementioned as reference, forwarded to their shareholders along with the notices of shareholders' meeting to vote for or against the said merger, demerger or acquisition. Without prejudice to the aforesaid, it shall not apply where pursuant to other laws and regulations, shareholders' resolutions are not required in respect of mergers, demergers or mergers.

Where there is insufficient quorum, votes or other legal restrictions for convening shareholders' meetings of any of the companies involved in the merger, demerger or acquisition, such that the shareholders' meeting or resolutions cannot be convened or passed or where the proposal has been voted against, the said companies shall immediately publicly disclose the occurrence, reasons, subsequent measures and projected dates for shareholders' meetings.

Article 20 A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of shares of another company which has its shares listed on an exchange or has its shares traded on an over-the-counter market, the Company shall prepare a full written record of the following information and retain it for five (5) years for reference:

- 1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- 2) Date of material events: Including the signing of any letter of intent or

memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

- 3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of shares of another company who has its shares listed on an exchange or has its shares traded on an over-the-counter market, the Company shall, within two (2) days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out at preceding paragraph "basic identification data for personnel" and "date of material events" to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an over-the-counter market, the Company shall sign an agreement with such company whereby the latter is required to abide by the previous provisions.

Article 21 All persons involved in or aware of the proposals relating to the merger, demerger or acquisition of their companies or transfer of shareholding shall furnish in writing their undertaking to maintain confidentiality, and shall not, prior to the information being publicly disclosed, not disclose the contents of the said proposal, or on their own names or in the names of other persons, trade in the shares and other securities of an equity nature, of all the companies involved in the said merger, demerger, acquisition or transfer of shareholding.

Article 22 Except under the following circumstances, which circumstances shall be also stipulated in the contracts for merger, demerger, acquisition or shareholding transfer for the purposes of variations to the terms therein, the Company shall not change the share swap ratio or acquisition price:

- 1) Increase in share capital by way of new issues; issuance of convertible bonds; distribution of stock dividends without consideration; issuance of corporate bonds attached with warrants; issuance of special shares attached with warrants; issuance of warrants or other securities of equity nature;
- 2) Disposal of the Company's major assets such that the Company's finances and businesses will be affected;
- 3) Occurrence of major disasters and major transformation in technology such that the shareholders' equity or the price of its stock will be affected;
- 4) Adjustments by any of the companies involved in the said merger, demerger, acquisition or shareholding transfer resulting from treasury stock in accordance with law;
- 5) Changes in the corporate entity or number of companies involved in the said

merger, demerger, acquisition or shareholding transfer; and

- 6) Other terms stipulated in the contracts as being variable, and which have already been publicly disclosed.

Article 23 When participating in a merger, demerger, acquisition or shareholding transfer of other companies, the Company shall sign contracts stipulating the following items:

- 1) Measures for breach of contract;
- 2) Principles for handling shares or securities of an equity nature that have been issued by extinguished companies as a result of merger or companies prior to their demerger or shares that have been acquired following a buyback program;
- 3) The principles for handling treasury stock by the companies involved and the quantity associated therewith in accordance with law subsequent to the record date on which the share-swap ratio is set;
- 4) Measures to be taken where there are changes in the corporate entity or number of companies involved;
- 5) Projected progress of implementation of proposal and projected completion date;
- 6) Where the proposal could not be completed in time, the relevant measures to be taken such as the date of shareholders' meeting to be convened in accordance with law.

Article 24 Where, following the public disclosure of information relating to the merger, demerger, acquisition or shareholding transfer, any of the companies involved proposes to undergo merger, demerger, acquisition or shareholding transfer with other companies, the completed processes or legal proceeding relating to the original merger, demerger, acquisition or shareholding transfer shall be re-instituted by all of the companies involved (re-acted upon), except where there is a reduction in the number of companies involved, and the shareholders' meeting had resolved and authorized the Board of Directors to undertake variations, in which case the companies involved shall not be required to convene another shareholders' meeting for new resolutions.

Article 25 Where the companies involved in the merger, demerger, acquisition or shareholding transfer are not public companies, the Company shall execute contracts with the same, and shall furthermore be in compliance with Articles 20, 21, and 24.

Article 26 Under any of the following circumstances, the Company when acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by FSC designated in the appropriate format (in the prescribed format and via the Internet-based information system) within two (2) days commencing immediately from the date of occurrence of the event:

- 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 per cent (20%) or more of paid-in capital, 10 per cent (10%) or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds offered by domestic investment trust companies;
- 2) Undertaking merger, demerger, acquisition or shareholding transfer;
- 3) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade; and
- 4) The assets so acquired or disposed are equipment for business purposes and in which the counterparties are not related parties, and that the transaction amount is:
 - a. Less than NT\$ 500 million; while the paid-in capital of the counterparty is less than NT\$10,000 million; and
 - b. Less than NT\$1,000 million; while the paid-in capital of the counterparty reaches NT\$10,000 million or more.
- 5) The assets so acquired or disposed are real property for construction purpose and in which the counterparties are not related parties, and that the transaction amount is less than NT\$500 million;
- 6) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;
- 7) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:
 - a. Sale and purchase of government bonds;
 - b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, subscription of corporate bonds and bank debentures without an equity nature in the domestic primary market, or subscription of securities by a securities firm as an underwriter of the issuing company in the primary market or in accordance with relevant regulations specified by the GreTai Securities Market; and
 - c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds offered by domestic investment trust companies.

The calculation of transaction amount for the prescribed items is as follows:

- 1) Each single transaction amount;
- 2) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;
- 3) Cumulative amount for acquisition or disposition (separate accounting for

cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year; or

- 4) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.

"Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.

The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting website appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries.

Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two (2) days, commencing immediately from the date of the said errors and omissions found by the Company.

The Company shall file at its premises all contracts, minutes of meetings, record books, valuation reports and opinions of accountants, lawyers or securities underwriters relating to its acquisition or disposition of assets for a minimum of five (5) years, unless otherwise stipulated by the law.

Article 27 Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the website appointed by FSC:

- 1) Amendment, termination or cancellation of the contracts relating to the original transaction;
- 2) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates; and
- 3) Change to the originally publicly announced and reported information.

Article 28 Where the Company obtaining real properties not for business purpose, other fixed assets, other assets and securities for transaction purpose, the maximum amount is listed as follows:

- 1) Total investments in real properties not for business purpose, other fixed assets, other assets shall not exceed ten per cent (10%) of the total paid-in capital of the Company.
- 2) Total aggregate investments in securities for transaction purpose shall not

exceed ten per cent (10%) of the total paid-in capital of the Company.

- 3) Total amount of individual security the Company may invest for transaction purpose shall not exceed five per cent (5%) of the total paid-in capital of the Company.

“Securities” hereinabove refer to those prescribed in Paragraph 1 of Article 3 of the Procedures and held by the Company for short-term transaction purpose.

Article 29 Where the subsidiaries are not local public companies, the Company shall undertake the public announcement and report in respect of the said subsidiaries' acquisition or disposal of assets, where the same are required to be disclosed pursuant to the provisions of "Regulations Governing Acquisition or Disposition of Assets by Public Companies".

For public announcement and reports of subsidiaries, "twenty per cent (20%) of the paid-in capital, or ten per cent (10%) of the total assets" stipulated in Item 4) of Paragraph 1) of Article 26 shall mean the paid-in capital and the total assets of the parent company alone.

“Ten per cent (10%) of the total assets” hereinabove mentioned in the Procedures shall be calculated based on the financial statements of the parent company alone for the most recent period, certified or reviewed by a certified public accountant.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of twenty per cent (20%) of paid-in capital under the Procedures, ten per cent (10%) of equity attributable to owners of the parent shall be substituted.

Article 30 In the event that any employee 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 rewards and punishments and the relevant personnel regulations.

Article 31 The amendment of these Procedures shall be approved by the Audit Committee and the Board of Directors, and shall furthermore be submitted for approval at the shareholders' meeting. The Company shall also forward the Directors' dissents recorded in the meeting minutes or written statements to the Audit Committee.

The subsidiaries shall also formulate their respective "Procedures for Acquisition and Disposition of Assets" in accordance with the provisions of "Regulations Governing Acquisition and Disposition of Assets by Public Companies". A copy of the said procedures shall be submitted to the Company's Board of Directors for approval. The aforesaid shall also apply to amendments to the said procedures.

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

VII.Procedures to Engage in Transactions of Financial Derivative Products of Elite Material Co., Ltd.

As last amended on 13 June 2016

Chapter 1. Principles

- Article 1 The “Procedures to Engage in the Transactions of Financial Derivative Products” (“Procedures”) outlined herein is made in accordance with the “Guidelines For Acquisition and Disposition of Assets of Public Companies” promulgated by Financial Supervisory Commission (hereinafter referred as “FSC”) on 20th April 2007.
- Article 2 The financial derivative products referred herein are defined as instruments that derive their value from the performance of assets, interest rates, foreign exchange rates, indexes, or other interests. The said other interests include forward contracts, options, futures, leverage contracts, swaps, and the hybrid products consisted by them.
- Article 3 The term “forward contacts” referred herein excludes insurance contacts, fulfillment contracts, aftersales service contacts, long-term lease contracts and long-term purchase (sale) contract.
- Article 4 When engaging in deposit trading of bonds, the Procedures shall apply.

Chapter 2. Operation Procedures

- Article 5 The financial derivative products can be traded are limited to forward contracts and options of foreign currencies.
- Article 6 Trading forward contracts and options of foreign currencies is for the purpose of hedging risk of business operations; otherwise trading is prohibited. The underlying currencies of financial derivatives being traded must be those the Company needs for the purpose of import and export.
- Article 7 Financial personnel in charge of financial derivatives trading shall, based on the net exposure position calculated from the foreign currency position statistics and bills under letter of credit, submit trading strategy, and conduct the transaction in accordance with the strategy after the said strategy being approved by the President and the Chairman. Should the planned trading be different from the

said strategy, the financial personnel in charge need to receive the approval from the President and the Chairman prior to engaging in transactions.

- Article 8
1. The total amount of transaction contracts for hedging foreign currency risks shall not exceed that the Company needs for import and export.
 2. The maximum loss limit on foreign currency risk hedging transactions is:
 - 1) For individual contracts: the maximum loss limit is 30% of the amount of each individual contract.
 - 2) For total contract: The maximum loss limit is 10% of the aggregate amount of all contracts.

Should the maximum limit, either for individual contracts or for total contacts, reach the said limit for two consecutive months, the President and the Chairman shall be notified the situation and decide if transactions to stop loss shall be conducted. The handling procedures and results shall be reported to the Board of Directors afterwards.

- Article 9
- The performance of financial personnel in charge shall be examined and evaluated once per week. The performance evaluation report shall be submitted to the Finance Manager, the President, and the Chairman twice per month, for the purpose of examining and improving the hedging strategy.

- Article 10
- Responsibilities of supervisor and personnel-in-charge are:
1. Supervisor:
 - 1) Oversee the total dollar amount transacted by the whole company, and the aforesaid amount is delegated by the Board of Directors.
 - 2) The appointment and suspension of the dealers. The determination of the total dollar amount transacted delegated to the dealing department and each dealer.
 - 3) The format of risk management report.
 - 4) The measures to evaluate the risk management and performance.
 2. Personnel-in-charge:
 - 1) Formation of dealing strategy within the amount delegated by the Supervisor, and dealing the transaction directly with counterparties.
 - 2) Provide various transaction documents and certificates responsively upon request.

Chapter 3. Accounting Principles

- Article 11
- The purpose of accounting principles dealing with financial derivative product transactions is to properly present the transaction process and economic results, via the comprehensive accounting documentation of various transactions and

settlements, based on the general accepted accounting principles and relevant regulations.

Article 12 Appropriate accounting entries shall be made separately based on the transaction certificates at the time of guarantee deposited, transactions and settlements, maturity of contracts, and termination of contracts.

Article 13 The profit or loss of engaging in financial derivative product transactions is calculated and recorded when the contract is terminated, and is not required to evaluate the accrued profit and loss based on the prevailing market price at the end of each month.

Article 14 When preparing the periodical financial reports, the Company shall disclose all matters relevant to financial derivative product transactions in the footnotes, based on the Guidelines for Acquisition and Disposition of Assets of Public Companies promulgated by FSC. The aforesaid financial reports are annual reports, semi-annual reports, quarterly reports, and consolidated reports.

Chapter 4. Public Announcement and Declaration

Article 15 The Company shall, on a monthly basis, make a public announcement of the financial derivative transactions engaged by it, combined with the monthly operating results, up to the end of the previous month in accordance with the Guidelines of Acquisition and Disposition of Assets of Public Companies promulgated by FSC by the tenth day of each month.

Article 16 Where there are errors and omissions for which corrections are required in the Company's public announcement, the Company shall cause all of the items to be re-published.

Article 17 The Company shall, on annual basis, file the implementation status of the auditing plan of financial derivative transactions up to the end of the previous year to the FSC for review via the internet-based information system by end of February.

Article 18 Should there be any violation of the Procedures or abnormal situation, the Company shall, on annual basis, file a report of actions taken to correct the mistake and deal with the abnormal situation to the FSC for review via the internet-based information system by end of May.

Chapter 5. Internal Control System

- Article 19 The personnel that deals with the transaction of derivative products, makes confirmation of these transactions, and makes settlements of these transactions shall not be the same.
- Article 20 Supervisor of the Finance Department shall, at all times, oversee and control the risk of derivative transactions, and, on a regular basis, evaluate if the results and performance of the derivative transactions conform to the Company's overall business and operating strategies and if the attendant risk of these transactions is within the capability of the Company. Meanwhile, the same supervisor shall, on a regular basis, review the level of adequacy of current risk control process and its degree of consistency with the principles and procedures set forth herein.
- Article 21 Dealers, type of derivative products, and the net exposure and total transaction amount of the Company all need to be evaluated when engaging in the derivative product transactions.
- Article 22 Counterparties that the Company intends to engage in derivative transactions shall be evaluated periodically, and the credit ratings of and total transaction amount with the said counterparties shall be adjusted accordingly. When abnormal situation occurs, transaction with the said counterparties shall be constrained.
- Article 23 A reference book shall be established and maintained to record the financial derivative transactions in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under preceding articles.
- Article 24 All derivative transactions the Company engages in shall be reported to the Board of Directors.

Chapter 6. Internal Audit

- Article 25 Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct auditing on how well the Finance Department follow the Procedures, and to produce report with trading cycle analysis on a monthly basis. Should there be any violation found, a written report is needed to notify the Audit Committee.
- Article 26 The matters that the internal audit personnel shall audit and check are, but not limited to, the policy to engage in derivative transactions, the constraint on the total delegated amount, the transaction process, the valuation process, and the risk control measures.

Article 27 Internal audit personnel shall review derivative transactions, of which the transaction price is deviated from the market price, the transaction amount is abnormal, the contemplation is undertaken after the business hours or outside the place of business, and shall analyze the impact of such transactions on the Company in order to make an auditing report.

Chapter 7. Others

Article 28 The amendment of the Procedures shall be approved by the Audit Committee, resolved by the Board of Directors Meeting and obtain approval from the Shareholders' Meeting. If a director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors Meeting and shall be reported to the Audit Committee.

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VIII. Current shareholding of Directors and Independent Directors

Book closure date: 12 April 2019

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	376,244	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