

Elite Material Co., Ltd.

Year 2020 Annual Shareholders' Meeting

Meeting Agenda (Translation)

Date: 18 June 2020

Time: 9:00am Taipei time

Place: No. 18, Datong 1st Road,
Guanyin District, Taoyuan City
Taiwan

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**Meeting Agenda
for
2020 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 2019 business operations and financial statements
 - b. Review report of Year 2019 business operations and financial statements by the Audit Committee
 - c. Year 2019 employees' compensation and Directors' remuneration
- 5. Proposed resolutions**
 - a. To accept the Year 2019 financial statements
 - b. To approve the proposal for distribution of 2019 profits
- 6. Discussion matters**
- 7. Extemporaneous motion**
- 8. Meeting adjourned**

Reporting Items

1. To report Year 2019 business operations and financial statements

The Year 2019 business report is attached as Attachment I. The 2019 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 2019 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 2019 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 2019 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 11th board meeting of the 5th 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. Please approve the aforesaid business report and financial statements

2. To approve the proposal for distribution of 2019 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2019 profits.

Explanatory Notes:

- i. Cash dividends to common share-holders: Totaling NT\$1,918,248,384. Each common share holder will be entitled to receive a cash dividend of NT\$6.0 per share. 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.
- ii. 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.
- iii. 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.
- iv. Please approve the aforesaid proposal for the distribution of 2019 profits.

Extemporaneous motion:

ATTACHMENTS

Attachment I

Year 2019 Business report

I. Year 2019 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.
- d. Huangshi production site of Hubei Province, China: Monthly production capacity has achieved 300,000 sheets.

Unit: NT\$ thousands

Items	Year 2019
Revenue	24,865,522
Gross profit	6,100,303
Operating profit	4,079,550
Income before tax	4,203,826
Net income	3,245,301

Note: Numbers are presented on consolidated basis. The net income of year 2019 includes the net income of NT\$4,456 thousand belongs to the minority interests.

ii. Summary of cash flow statements

Unit: NT\$ thousands

Items	Year 2019
Net cash provided by operating activities	2,465,906
Net cash used in investing activities	1,179,968
Net cash used in financing activities	759,393
Effects of changes in foreign exchange rate on cash and cash equivalents	(198,722)
Increase in cash in reporting period	327,823

iii. Analysis of profitability

Items	Year 2018	Year 2019
Return on assets (%)	8.33	13.77
Return on equities (%)	14.74	25.50
Percentage of paid-in capital (%)	Operating profit	86.20
	Income before tax	127.60
Net margin (%)	7.66	13.05
Earnings per share (NT Dollar)	5.48	10.14

iv. Results of research and development:

New products successfully developed by the Company in 2019:

1. New eco-friendly laminates, consumed by PCB fabricators for the handheld devices, providing ultra-low signal loss
2. New eco-friendly laminates, consumed by PCB fabricators for the Fifth-Generation Wireless Communication (hereinafter referred as "5G") purpose, providing ultra-low signal loss
3. Antenna component material consumed by mmWave and Sub 6G
4. New eco-friendly laminates, consumed by 400/800 GHz high speed Switch

Embracing the upcoming of 5G era, the growing electrical characteristic from 5G handheld/server/base station/ networking has triggered strong demand for high-speed, high frequency and low signal loss laminates. Eco-friendly laminates consumed by 5G handheld is qualified, and aggressively promote 800GHz Switch, mmWave and Sub 6G laminates to customers. In order to fulfill customers need, the company will continuously endeavor itself both in high speed and high frequency laminates. EMC not only dedicates in high end eco-friendly laminates, but also shoulder social responsibilities by stick with halogen-free material to reduce the potential environmental impact.

II. Summary of Year 2020 business plan

i. Planning of sales and production

a. Capacity expansion

b. Promote eco-friendly material, laminates

c. Balancing sales and production, flexible inventory adjustment and activate cash management

ii. Operating strategy

- a. To introduce eco-friendly materials for 5G infrastructure, and introduce HDI fabricating process to produce PCBs used for high speed, high frequency 5G equipment, datacenter and networking infrastructures.

- b. To maintain lion's share in high end HDI segment.
- c. To develop laminates consumed by automotive vehicles.

iii. Sales volume target

- a. Expected sales volume target:

Copper clad laminates (CCLs):	35 million sheets/year
Prepreg (PP):	700 thousand rolls/year
Mass Lam (M/L):	2 million panels/year

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 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.
- b. To secure the leading position of EMC for materials consumed by HDI PCBs in the global market.
- c. To strengthen operating results by precisely executing the internal control policy and the management decisions.

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

Due to the outbreak of Coronavirus starting from January, the company and all sites have been strictly following the quarantine protocol to make sure that the company still operates on the track.

From the future perspective, the industry has been facing two key trends, 1. The global communication industry begins to upgrade from 4G to 5G, the spec requirement of high end laminates is higher and migration is faster than expected. 2. The demand for halogen-free keeps growing, on the back of severely environmental regulations. EMC maintains its global leading position in eco-friendly laminates, equipped with strong research and development along with market penetration capability, enabling the company to possess elements for further success.

Chairman & President: Dong, Ding Yu

Directors of Accounting Department: Sara Yen

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

Attachment II

Year 2019 Financial Statements – consolidated basis

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019.12.31		2018.12.31			2019.12.31		2018.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Assets:					Current Liabilities:				
1100 Cash and cash equivalents (Note (6)(a))	\$ 6,330,790	25	6,022,967	27	2100 Short-term borrowings (Note (6)(i))	\$ 663,874	3	713,498	3
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	4,561	-	-	-	2110 Short-term notes payable (Note (6)(k))	99,969	-	199,635	1
1150 Notes receivable, net (Note (6)(d))	293,914	1	311,778	2	Accounts payable	5,672,098	22	4,933,111	23
1170 Accounts receivable, net (Note (6)(d))	8,898,138	35	7,313,867	33	Other payables	1,837,119	7	1,064,708	5
1200 Other receivables, net (Note (6)(e))	56,946	-	40,441	-	Current tax liabilities	230,026	1	137,425	1
1220 Current tax assets	-	-	134,792	1	Bonds payable, current portion (Note (6)(m))	1,364,280	6	-	-
1310 Inventories, net (Note (6)(f))	2,904,701	11	2,209,347	10	Long-term borrowings, current portion (Note (6)(i))	336,100	1	100,000	-
1479 Other current assets, others	334,208	1	199,310	1	Current refund liability (Note (6)(n))	68,959	-	17,337	-
	<u>18,833,258</u>	<u>73</u>	<u>16,232,502</u>	<u>74</u>	Other current liabilities, others	<u>29,005</u>	<u>-</u>	<u>16,049</u>	<u>-</u>
Non-Current Assets:						<u>10,321,431</u>	<u>40</u>	<u>7,201,783</u>	<u>33</u>
1550 Investments accounted for using equity method, net (Note (6)(g))	21,714	-	-	-	Non-Current liabilities:				
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	16,507	-	17,291	-	Non-current financial liabilities at fair value through profit or loss	-	-	11,022	-
1600 Property, plant and equipment (Note (6)(h))	5,857,817	23	4,937,424	23		-	-	1,344,900	6
1755 Right-of-use assets (Note (6)(i))	240,188	1	-	-	Bonds payable (Note (6)(b))	-	-	300,000	2
1822 Other intangible assets	10,316	-	7,388	-	Long-term borrowings (Note (6)(j))	643,014	2	-	-
1840 Deferred tax assets (Note (6)(g))	231,497	1	118,568	-	Non-current provisions for employee benefits (Note (6)(o))	7,567	-	12,716	-
1900 Other non-current assets	471,050	2	396,040	2	Deferred tax liabilities (Note (6)(p))	1,185,403	5	1,167,141	5
1920 Guarantee deposits paid	21,984	-	25,125	-	Guarantee deposits received	10,347	-	10,111	-
1985 Long-term prepaid rents	-	-	-	-		<u>1,846,331</u>	<u>7</u>	<u>2,845,880</u>	<u>13</u>
	<u>6,871,073</u>	<u>27</u>	<u>5,729,961</u>	<u>26</u>	Total liabilities	<u>12,167,762</u>	<u>47</u>	<u>10,047,673</u>	<u>46</u>
					Equity attributable to owners of parent (Note (6)(g)):				
					3100 Capital stock	3,197,080	12	3,196,524	14
					3200 Capital surplus	628,858	2	623,721	3
					Retained earnings:				
					3310 Legal reserve	1,710,929	7	1,535,792	7
					3320 Special reserve	423,554	2	237,192	1
					3351 Accumulated profit and loss	8,391,903	33	6,730,512	31
					3400 Other equity interest	(832,393)	(3)	(423,554)	(2)
					360XX Non-controlling interests	16,618	-	14,393	-
					Total equity	<u>13,536,569</u>	<u>53</u>	<u>11,914,790</u>	<u>54</u>
Total assets	<u>\$ 25,704,331</u>	<u>100</u>	<u>\$ 21,962,463</u>	<u>100</u>	Total liabilities and equity	<u>\$ 25,704,331</u>	<u>100</u>	<u>\$ 21,962,463</u>	<u>100</u>

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(s))	\$ 24,865,522	100	22,890,928	100
5000	Operating costs (Note (6)(f))	(18,765,219)	(75)	(18,314,678)	(80)
	Gross profit from operations	6,100,303	25	4,576,250	20
	Operating expenses:				
6100	Total selling expenses	(745,045)	(3)	(905,054)	(4)
6200	Total administrative expenses	(767,916)	(3)	(496,952)	(2)
6300	Total research and development expenses	(500,441)	(2)	(415,923)	(2)
6450	Impairment loss (Note (6)(d))	(7,351)	-	(2,988)	-
	Total operating expenses	(2,020,753)	(8)	(1,820,917)	(8)
	Net operating income	4,079,550	17	2,755,333	12
	Non-operating income and expenses (Note (6)(u)):				
7010	Other income	90,439	-	66,583	-
7020	Other gains and losses, net	77,072	-	37,865	-
7050	Finance costs, net	(47,069)	-	(32,911)	-
7370	Share of profit of associates and joint ventures accounted for using equity method	3,834	-	-	-
	Total non-operating income and expenses	124,276	-	71,537	-
7900	Profit from continuing operations before tax	4,203,826	17	2,826,870	12
7950	Less: Income tax expenses (Note (6)(p))	(958,525)	(4)	(1,072,437)	(4)
8200	Profit	3,245,301	13	1,754,433	8
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(4,106)	-	(5,257)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(369)	-	(69)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	821	-	3,091	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(3,654)	-	(2,235)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(511,213)	(2)	(243,210)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	102,117	-	56,622	-
	Components of other comprehensive income that will be reclassified to profit or loss	(409,096)	(2)	(186,588)	(1)
	Other comprehensive income	(412,750)	(2)	(188,823)	(1)
	Total comprehensive income	\$ 2,832,551	11	1,565,610	7
	Loss attributable to:				
	Owners of the parent company	\$ 3,240,845	13	1,751,378	8
	Non-controlling interests	4,456	-	3,055	-
		\$ 3,245,301	13	1,754,433	8
	Comprehensive income attributable to:				
	Owners of the parent company	\$ 2,828,721	11	1,562,850	7
	Non-controlling interests	3,830	-	2,760	-
		\$ 2,832,551	11	1,565,610	7
	Earnings per share (Note (6)(r))				
	Basic earnings per share (dollars)	\$ 10.14		5.48	
	Diluted earnings per share (dollars)	\$ 9.73		5.32	

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
 ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the Years Ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest						
	Share capital		Retained earnings			Exchange Differences on Translation of Foreign Statements		Unrealised gains (losses) on available for sale financial assets		Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings							
Balance at January 1, 2018	\$ 3,196,524	623,721	1,256,696	126,586	6,905,344	1,751,378	(2,166)	-	-	11,871,679	11,833	11,883,512
Profit for the year ended December 31, 2018	-	-	-	-	1,751,378	(2,166)	(186,293)	-	(69)	1,751,378	3,055	1,754,433
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	1,749,212	(186,293)	(186,293)	-	(69)	1,562,850	2,760	1,565,610
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	3,500,590	(372,586)	(372,586)	-	(138)	3,314,228	5,815	3,320,043
Earnings distribution:												
Legal reserve	-	-	279,096	-	(279,096)	-	-	-	-	-	-	-
Special reserve	-	-	-	110,606	(110,606)	-	-	-	-	(1,534,332)	-	(1,534,332)
Cash dividends on ordinary share	-	-	-	-	(1,534,332)	-	-	-	-	-	-	-
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2018	3,196,524	623,721	1,535,792	237,192	6,730,522	(423,485)	(69)	(69)	(69)	11,900,197	14,593	11,914,790
Effects of retrospective application to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-
Equity at beginning of period after adjustments	3,196,524	623,721	1,535,792	237,192	6,730,522	(423,485)	(69)	(69)	(69)	11,900,197	14,593	11,914,790
Profit for the year ended December 31, 2019	-	-	-	-	3,240,845	(3,285)	(408,470)	-	(369)	3,240,845	4,456	3,245,301
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(3,285)	(408,470)	(408,470)	-	(369)	(412,124)	(626)	(412,750)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	3,237,560	(816,935)	(816,935)	-	(738)	2,828,721	3,830	2,832,551
Earnings distribution:												
Legal reserve	-	-	175,137	-	(175,137)	-	-	-	-	-	-	-
Special reserve	-	-	-	186,362	(186,362)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(1,214,680)	-	-	-	-	(1,214,680)	-	(1,214,680)
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	556	5,623	-	-	-	-	-	-	-	6,179	-	6,179
Conversion of convertible bonds to ordinary shares	-	(486)	-	-	-	-	-	-	-	(486)	-	(486)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,785)	(1,785)
Balance at December 31, 2019	\$ 3,197,080	628,858	1,710,929	423,554	8,991,903	(831,955)	(438)	(438)	(438)	13,519,931	16,638	13,536,569

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 4,203,826	2,826,870
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	486,420	462,642
Amortization expense	5,637	4,985
Expected credit loss	7,351	2,988
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(15,606)	11,313
Interest expense	21,973	8,217
Interest income	(90,439)	(66,583)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(3,834)	-
Loss on disposal of property, plant and equipment	533	3,171
Amortized discounted corporation bonds payable—interest expense	25,096	24,694
Dividend income	(29,778)	-
Total adjustments to reconcile profit (loss)	407,353	451,427
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	14,415	30,009
Accounts receivable	(1,873,862)	(285,411)
Other receivable	(36,652)	(4,845)
Inventories	(776,384)	308,612
Other current assets	(148,980)	(84,309)
Other operating assets	(90,407)	(72,617)
Total changes in operating assets	(2,911,870)	(108,561)
Changes in operating liabilities:		
Accounts payable	897,045	(126,657)
Other payable	408,199	(164,801)
Receipts in advance	53,727	(3,602)
Other current liabilities	27,039	(38,206)
Net defined benefit liability	(9,254)	(14,170)
Total changes in operating liabilities	1,376,756	(347,436)
Total changes in operating assets and liabilities	(1,535,114)	(455,997)
Total adjustments	(1,127,761)	(4,570)
Cash inflow generated from operations	3,076,065	2,822,300
Interest received	93,444	43,071
Dividends received	29,778	-
Interest paid	(36,346)	(10,877)
Income taxes paid	(697,035)	(767,818)
Net cash flows from operating activities	2,465,906	2,086,676
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(18,624)	-
Acquisition of property, plant and equipment	(1,128,155)	(747,278)
Proceeds from disposal of property, plant and equipment	412	37,996
Acquisition of intangible assets	(8,738)	(5,101)
Acquisition of right-of-use assets	(27,176)	-
Increase in other financial assets	2,313	(12,048)
Decrease in other financial assets	-	(148,426)
Net cash flows used in investing activities	(1,179,968)	(874,857)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(46,268)	566,466
(Decrease) increase in short-term notes and bills payable	(100,000)	200,000
Proceeds from long-term debt	1,103,005	400,000
Repayments of long-term debt	(500,000)	-
Increase (decrease) in guarantee deposits received	335	(5,413)
Cash dividends paid	(1,216,465)	(1,534,332)
Net cash flows used in financing activities	(759,393)	(373,279)
Effect of exchange rate changes on cash and cash equivalents	(198,722)	(109,162)
Net increase in cash and cash equivalents	327,823	729,378
Cash and cash equivalents at beginning of period	6,022,967	5,293,589
Cash and cash equivalents at end of period	\$ 6,350,790	6,022,967

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

Year 2019 Financial Statements – parent-alone basis

(English Translation of Parent Company Only Financial Statement; Originally Issued in Chinese)
ELITE MATERIAL CO., LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019.12.31		2018.12.31			
		Amount	%	Amount	%		
ASSETS							
Current Assets:							
1100	Cash and cash equivalents (Note (6)(c))	\$ 480,252	2	275,297	1	2100	
1110	Total current financial assets at fair value through profit or loss (Note (6)(b))	4,561	-	-	-	2110	
1150	Notes receivable, net (Note (6)(c))	207,212	1	234,267	1	2170	
1170	Accounts receivable, net (Note (6)(c))	1,905,642	9	1,556,604	9	2180	
1181	Accounts receivable due from related parties (Notes (6)(c) and (7))	485,669	3	488,707	3	2200	
1200	Other receivables, net (Note (6)(d))	583,581	3	54,170	-	2230	
1220	Current tax assets	-	-	134,792	1	2321	
1310	Inventory (Note (6)(e))	808,051	4	639,120	4	2365	
1470	Other current assets	43,903	-	31,912	-	2322	
		4,518,821	22	3,414,869	19	2399	
Non-Current Assets:							
1550	Investments accounted for using equity method, net (Note (6)(f))	13,432,065	67	11,951,050	68		
1600	Property, plant and equipment (Note (6)(g))	2,015,030	10	2,126,016	12	2530	
1780	Intangible assets	5,844	-	4,160	-	2540	
1840	Deferred tax assets (Note (6)(a))	218,002	1	111,292	1	2551	
1900	Other non-current assets	72,265	-	74,769	-	2570	
1920	Guarantee deposits paid	633	-	1,895	-	2500	
		15,743,839	78	14,269,182	81	2645	
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities:							
		\$ 579,568	3	517,758	3		
	Short-term borrowings (Note (6)(b))	99,969	1	199,655	1		
	Short-term notes payable (Note (6)(c))	1,830,432	9	1,614,994	9		
	Accounts payable	41,625	-	9,620	-		
	Accounts payable to related parties (Note (7))	1,170,921	6	486,872	3		
	Other payables	85,851	-	-	-		
	Current tax liabilities	1,364,280	7	-	-		
	Bonds payable, current portion (Note (6)(d))	13,746	-	5,973	-		
	Current refund liabilities (Note (6)(i))	250,000	1	100,000	1		
	Long-term borrowings, current portion (Note (6)(i))	5,601	-	5,516	-		
	Other current liabilities, others	5,441,993	27	2,939,888	17		
Non-Current Liabilities:							
	Bonds payable (Note (6)(k))	-	-	1,344,900	8		
	Long-term borrowings (Note (6)(j))	100,000	-	300,000	2		
	Non-current provisions for employee benefits (Note (6)(aa))	7,567	-	12,716	-		
	Deferred tax liabilities (Note(6)(c))	1,185,403	6	1,167,141	6		
	Non-current financial liabilities at fair value through profit or loss (Note(6)(b))	-	-	11,022	-		
	Guarantee deposits received	7,816	-	8,087	-		
		1,300,786	6	2,843,866	16		
		6,742,779	33	5,783,854	33		
Total liabilities:							
Equity attributable to owners of parent (Note (6)(o)):							
	Capital stock	3,197,080	16	3,196,524	18		
	Capital surplus	628,858	3	623,721	3		
	Retained earnings:						
	Legal reserve	1,710,929	9	1,535,792	9		
	Special reserve	423,554	2	237,192	1		
	Accumulated profit and loss	8,391,903	41	6,730,522	38		
	Other equity interest	(832,393)	(4)	(423,554)	(2)		
	Total equity	13,519,931	67	11,900,197	67		
		\$ 20,262,710	100	17,684,061	100		
Total liabilities and equity							

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

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

ELITE MATERIAL CO., LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(q) and Note (7))	\$ 7,186,702	100	6,221,721	100
5000	Operating costs (Note (6)(e) and Note (7))	(5,877,528)	(82)	(5,474,462)	(88)
	Gross profit from operations	1,309,174	18	747,259	12
5910	Less: Unrealized profit from sales	(4,300)	-	(11,488)	-
5920	Add: Realized profit on from sales	11,488	-	5,225	-
	Gross profit from operations	1,316,362	18	740,996	12
	Operating expenses:				
6100	Total selling expenses	(198,994)	(3)	(188,921)	(3)
6200	Total administrative expenses	(356,637)	(5)	(214,155)	(3)
6300	Total research and development expenses	(168,928)	(2)	(152,747)	(3)
6450	Expected credit loss	(95)	-	-	-
6300	Total operating expenses	(724,654)	(10)	(555,823)	(9)
	Net operating income	591,708	8	185,173	3
	Non-operating income and expenses:				
7010	Other income (Note (6)(s))	1,248	-	4,910	-
7020	Other gains and losses, net (Note (6)(s))	13,268	-	(6,536)	(1)
7370	Share of profit of associates and joint ventures accounted for using equity method	3,086,423	43	2,265,635	36
7050	Finance costs (Note (6)(s))	(38,126)	-	(30,670)	-
	Total non-operating income and expenses	3,062,813	43	2,233,339	35
	Profit from continuing operations before tax	3,654,521	51	2,418,512	38
7950	Less: Income tax expenses (Note (6)(n))	(413,676)	(6)	(667,134)	(11)
	Profit	3,240,845	45	1,751,378	27
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(4,106)	-	(5,257)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(369)	-	(69)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	821	-	3,091	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(3,654)	-	(2,235)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(510,587)	(7)	(242,915)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	102,117	1	56,622	1
	Components of other comprehensive income that will be reclassified to profit or loss	(408,470)	(6)	(186,293)	(3)
8300	Other comprehensive income, net	(412,124)	(6)	(188,528)	(3)
	Total comprehensive income	\$ 2,828,721	39	1,562,850	24
	Basic earnings per share (Note (6)(p))(dollars)	\$ 10.14		5.48	
	Diluted earnings per share (Note (6)(p))(dollars)	\$ 9.73		5.32	

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

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

Statements of Changes in Equity

For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Share capital				Retained earnings			Total other equity interest		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealised gains (losses) on equity instruments at fair value through other comprehensive income	Total equity		
Balance at January 1, 2018	\$ 3,196,524	623,721	1,236,696	126,586	6,905,344	(237,192)	-	11,871,679		
Profit for the year ended December 31, 2018	-	-	-	-	1,751,378	-	-	1,751,378		
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(2,166)	(186,293)	(69)	(188,528)		
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,749,212	(186,293)	(69)	1,562,850		
Earnings distribution:										
Legal reserve	-	-	279,096	-	(279,096)	-	-	-		
Special reserve	-	-	-	110,606	(110,606)	-	-	-		
Cash dividends on ordinary share	-	-	-	-	(1,534,332)	-	-	(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		
Profit for the year ended December 31, 2019	-	-	-	-	3,240,845	-	-	3,240,845		
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(3,285)	(408,470)	(369)	(412,124)		
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	3,237,560	(408,470)	(369)	2,828,721		
Earnings distribution:										
Legal reserve	-	-	175,137	-	(175,137)	-	-	-		
Special reserve	-	-	-	186,362	(186,362)	-	-	-		
Cash dividends on ordinary share	-	-	-	-	(1,214,680)	-	-	(1,214,680)		
Conversion of convertible bonds	556	5,623	-	-	-	-	-	6,179		
Conversion of convertible bonds to ordinary shares	-	(486)	-	-	-	-	-	(486)		
Balance at December 31, 2019	\$ 3,197,080	628,858	1,710,929	423,554	8,391,903	(831,955)	(438)	13,419,931		

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

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

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,654,521	2,418,512
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	179,258	169,241
Amortization expense	2,451	2,388
Expected credit loss	95	-
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(15,606)	5,153
Interest expense	13,030	5,976
Interest income	(1,248)	(4,910)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	(3,086,423)	(2,265,635)
Gain on disposal of property, plan and equipment	(5)	(50)
Amortized discounted corporate bonds payable-interest expense	25,096	24,694
Total adjustments to reconcile profit	<u>(2,883,352)</u>	<u>(2,063,143)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	26,960	29,402
Accounts receivable	(349,038)	41,199
Accounts receivable due from related parties	3,038	(266,861)
Other receivable	(529,411)	(30,626)
Inventories	(168,931)	46,817
Deferred revenues	(6,675)	6,233
Other current assets	(11,991)	4,835
Other assets	2,504	13,231
Total changes in operating assets	<u>(1,033,544)</u>	<u>(155,770)</u>
Changes in operating liabilities:		
Accounts payable	215,838	105,989
Accounts payable to related parties	32,005	(34,227)
Other payable	678,325	(183,573)
Current refund liabilities	7,773	(9,145)
Other current liabilities	85	827
Net defined benefit liability	(9,255)	(14,170)
Total changes in operating liabilities	<u>924,771</u>	<u>(134,299)</u>
Total changes in operating assets and liabilities	<u>(108,773)</u>	<u>(290,069)</u>
Total adjustments	<u>(2,992,125)</u>	<u>(2,353,212)</u>
Cash inflow generated from operations	662,396	65,300
Interest received	1,248	5,033
Dividends received	1,430,538	-
Interest paid	(13,371)	(5,656)
Income taxes paid	(178,542)	(390,076)
Net cash flows from (used in) operating activities	<u>1,902,269</u>	<u>(325,399)</u>
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(329,412)	(291,652)
Acquisition of property, plant and equipment	(61,893)	(223,943)
Proceeds from disposal of property, plant and equipment	5	50
Decrease in refundable deposits	1,262	2,067
Acquisition of intangible assets	(4,135)	(3,753)
Net cash flows used in investing activities	<u>(394,173)</u>	<u>(517,231)</u>
Cash flows from financing activities:		
Increase in short-term loans	61,810	367,433
(Decrease) increase in short-term notes and bills payable	(100,000)	200,000
Proceeds from long-term debt	450,000	400,000
Repayments of long-term debt	(500,000)	-
Decrease in guarantee deposits received	(271)	(3,029)
Cash dividends paid	(1,214,680)	(1,534,332)
Net cash flows used in financing activities	<u>(1,303,141)</u>	<u>(569,928)</u>
Net increase (decrease) in cash and cash equivalents	204,955	(1,412,558)
Cash and cash equivalents at beginning of period	275,297	1,687,855
Cash and cash equivalents at end of period	<u>\$ 480,252</u>	<u>275,297</u>

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

Attachment III

The Independent Auditors' Report by KPMG – consolidated report

Independent Auditors' 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, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and 2018 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 audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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(o) "Revenue" and Note 6(s) "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)(f)" 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, 2019 and 2018, 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 20, 2020

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

Independent Auditors' 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, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 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 Parent Company Only 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(q) "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 20, 2020

Attachment IV

Review report by the Audit Committee

To the 2020 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 2019 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.



Cheng, Duen-Chian

Convener of the Audit Committee of Elite Material Co., Ltd.

20 March 2020

**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 2019

Unit: NT\$ Dollar	Year 2019
Earnings before tax, employee's compensation, and Directors' remuneration	\$ 3,806,792,017
Accumulated losses	-
Distributable earnings to employees and Directors	\$ 3,806,792,017
Employees' compensation (3% of the distributable earnings)	\$ 114,203,761
Directors' remuneration (1% of the distributable earnings)	\$ 38,067,920

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

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Attachment VI

Elite Material Co., Ltd. Profit Allocation Proposal of Year 2019

Unit: NT dollar

Net income of 2019	3,240,844,588
Less:	
10% legal reserve	324,084,459
Special reserve of earnings	408,839,510
Other comprehensive loss (actuarial adjustment of defined benefit plan of Year 2019)	3,284,285
Plus:	
Unappropriated retained earnings of previous years	5,154,342,667
Earnings available for distribution as of 31 December 2017	7,658,979,001
Distribution items:	
Cash dividends to common share holders (NT\$6 per share)	1,918,248,384
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	1,918,248,384
Unappropriated earnings	5,740,730,617

Note:

1. Pursuant to the Article 36 of Elite Material Co., Ltd. Articles of Incorporation, the distribution order of Year 2019 net income is prior to other distributable items.
2. The number of shares outstanding is decided based on the actual number of outstanding shares as of 20 April 2020.

Chairman & President: Dong, Ding Yu

Director of Accounting Department: Sara Yen

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GENERAL INFORMATION

VII. 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 tranches.

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 a 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.*

VIII. 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 respective 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.

IX. Current shareholding of Directors and Independent Directors

Book closure date: 20 April 2020

Position	Name of persons or companies	Date elected	Term (Years)	Shareholding when elected		Current shareholding	
				Share	%	Share	%
Chairman	Dong, Ding-Yu	10 June 2019	3	5,265,766	1.65	5,265,766	1.65
	Yu Chang Investment Co., Ltd.			25,471,477	7.97	25,471,477	7.97
Vice Chairman	Representative appointed: Tsai, Fei Liang	10 June 2019	3	376,244	0.12	410,244	0.13
	Yu Chang Investment Co., Ltd.			25,471,477	7.97	25,471,477	7.97
Director	Representative appointed: Lee, Wen Shiung	10 June 2019	3	0	0.00	0	0.00
Director	Hsieh, Mon Chong	10 June 2019	3	0	0.00	0	0.00
Independent Director	Shen, Bing	10 June 2019	3	0	0.00	0	0.00
Independent Director	Cheng, Duen-Chian	10 June 2019	3	0	0.00	0	0.00
Independent Director	Tsai, Rong Dong	10 June 2019	3	0	0.00	0	0.00