

Minutes of Annual General Shareholders' Meeting of Elite Material Co., Ltd.

Date: Tuesday, 13 June 2017

Time: 9:00 a.m. Taipei time

Place: Meeting Room #1 at the company headquarters

No. 18, Datong 1st Road, Guanyin District, Taoyuan City 32849, Taiwan

Shareholders present:

1. Total number of issued shares: 319,033,140
2. Total number of issued and outstanding shares: 319,033,140
3. Total shares represented by shareholders present: 263,368,110 (including shares represented by shareholders who cast the proxy vote via electronic transmission, and the total number of such shares present is 197,299,893)
4. Percentage of shares held by shareholders present: 82.55%

The aggregate shares of shareholders present in person or by proxy constituted a quorum.

Directors present:

Mr. Dong, Ding Yu (Chairman of the Board of Directors)

Mr. Yeh, Chia Hsiu (Independent Director)

Mr. Shen, Ping (Independent Director)

Mr. Chen, Xiang Shen (Independent Director)

The number of directors present exceeded one-third of the total number of directors.

In attendance:

Certified Public Accountant: Ms. Celia Chen

Attorney: Mr. Lin, Yuan Xiang

Chairman: Mr. Dong, Ding Yu (Chairman of the Board of Directors)

Recorder: Ms. Vicky Yang

Meeting called to order

Chairman's address (omitted)

Reporting Items

1. To report Year 2016 business operations and financial statements

The Year 2016 business report is attached as Attachment I. The 2016 financial statements and independent auditors' audit report by KPMG are attached as Attachments II and III.

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

2. To report review results of Year 2016 business operations and financial statements by the auditing committee

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

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

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

Proposed resolutions

1. To accept the Year 2016 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of the Year 2016 business report and financial statements.

Explanatory Notes:

- i. EMC's Year 2016 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 5th board meeting of the 10th term, and have been examined by and determined to be correct and accurate by the Audit Committee of EMC. We thereby submit this report.
- ii. The Year 2016 business report, financial statements, independent auditors' audit report, and the review report of the Audit Committee are attached as Attachments I, II, III, and IV.
- iii. Please accept the aforesaid business report and financial statements

Voting Results:

263,368,110 shares were presented at the time of voting (including votes casted via electronic transmission; hereinafter referred as "e-voting")

Voting results	Shares	% of shares present
For	224,206,537 (Including e-voting: 158,351,087)	85.13%
Against	44,442 (including e-voting: 44,442)	0.02%
Abstain	39,117,131 (including e-voting: 38,904,364)	14.85%

RESOLVED, that the 2016 business report and financial statements be and hereby were accepted as submitted.

2. To approve the proposal for distribution of 2016 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2016 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$1,499,056,258. Each common share holder will be entitled to receive a cash dividend of NT\$4.7 per share.
- ii. The fractional dollar amount which is less than one New Taiwan Dollar, if there is any, will not be distributed and will be recognized by the company as other income.
- iii. After being approved at the Annual General Shareholders' Meeting, it is proposed that the Chairman of EMC be authorized to determine the record date and the payment date that the cash dividends will be distributed to common share holders.
- iv. Should EMC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Chairman of EMC be authorized to adjust the cash to be distributed to each common share, based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
- v. The 2016 profit allocation proposal is attached as Attachment VI.
- vi. The proposal was resolved by the 5th board meeting of the 10th term convened on 16th March 2017.
- vii. Please approve the aforesaid proposal for the distribution of 2016 profits.

Voting Results:

263,368,110 shares were presented at the time of voting

Voting results	Shares	% of shares present
For	224,143,472 (Including e-voting: 158,288,022)	85.11%
Against	106,507 (including e-voting: 106,507)	0.04%
Abstain	39,118,131 (including e-voting: 38,905,364)	14.85%

RESOLVED, that the proposal for the distribution of 2016 profits be and hereby were approved as submitted.

3. To approve amending the company bylaw of “Procedures for Acquisition and Disposition of Assets of Elite Material Co., Ltd.”

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

Explanatory Notes:

- i. Pursuant to the letter issued by Financial Supervisory Commission (Letter No. FSC Fa-Tse 10600012965), it is proposed that Article 9, Article 13, Article 18, Article 26, of the company bylaw of “Procedures for Acquisition and Disposal of Assets of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures for Acquisition and Disposal of Assets of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment VII.
- iii. The proposal was reviewed and accepted by the 1st term Audit Committee in the 4th meeting held on 16th March 2017, and afterwards resolved by the 5th board meeting of the 10th term convened on the same day.
- iv. Please approve the proposal for the amendments of the aforesaid bylaw.

Voting Results:

263,368,110 shares were presented at the time of voting

Voting results	Shares	% of shares present
For	224,205,213 (Including e-voting: 158,349,763)	85.13%
Against	45,742 (including e-voting: 45,742)	0.02%
Abstain	39,117,155 (including e-voting: 38,904,388)	14.85%

RESOLVED, that the proposal of amending the company bylaw of “Procedures for Acquisition and Disposition of Assets of Elite Material Co., Ltd.” be and hereby were approved as submitted.

4. To approve amending the company bylaw of “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.”

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

Explanatory Notes:

- i. Pursuant to the letter issued by Taiwan Stock Exchange Corporation (Letter No. Tai-Zheng-Shan-E 1051804939), it is proposed that Article 6 of the company bylaw of “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment VIII.
- iii. The proposal was reviewed and accepted by the 1st Auditing Committee in the 3rd meeting held on 22nd December 2016, and afterwards resolved by the 4th board meeting of the 10th term convened on the same day.
- iv. Please approve the proposal for the amendments of the aforesaid bylaw.

Voting Results:

263,368,110 shares were presented at the time of voting

Voting results	Shares	% of shares present
For	224,082,842 (Including e-voting: 158,227,392)	85.08%
Against	46,113 (including e-voting: 46,113)	0.02%
Abstain	39,239,155 (including e-voting: 39,026,388)	14.90%

RESOLVED, that the proposal of amending the company bylaw of “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.” be and hereby were approved as submitted.

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

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

Explanatory Notes:

- i. Pursuant to the letter issued by Taiwan Stock Exchange Corporation (Letter No. FSC Tai-Zheng-Shan-E 1051804939), it is proposed that Article 4 of the company bylaw of “Procedures of Endorsements and Guarantees of Elite Material Co., Ltd.” be amended.
- ii. The overview table of “Procedures of Capital Lending to Others of Elite Material Co., Ltd.” Before and After amendments is attached as Attachment IX.
- iii. The proposal was reviewed and accepted by the 1st term Audit Committee in the 3rd meeting held on 22nd December 2016, and afterwards resolved by the 4th board meeting of the 10th term convened on the same day.
- iv. Please approve the proposal for the amendments of the aforesaid bylaw.

Voting Results:

263,368,110 shares were presented at the time of voting

Voting results	Shares	% of shares present
For	224,053,838 (Including e-voting: 158,227,392)	85.07%
Against	74,117 (including e-voting: 74,117)	0.03%
Abstain	39,240,155 (including e-voting: 39,027,388)	14.90%

RESOLVED, that the proposal of amending the company bylaw of “Procedures of Lending Capital to Others of Elite Material Co., Ltd.” be and hereby were approved as submitted.

Extemporary motion: None

Meeting adjourned

Chairman: Dong, Ding Yu

Recorder: Vicky Yang

Attachment I

Year 2016 Business report

I. Year 2016 business results

i. Execution results of business plan

- a. Kunshan production site, China: Monthly production capacity has achieved 1.35 million sheets.
- b. Zhongshan production site, China: Monthly production capacity has achieved 950,000 sheets.
- c. Guanying production site, Taiwan: Monthly production capacity has achieved 500,000 sheets.

Unit: NT\$ thousands

Items	Year 2016
Revenue	22,069,584
Gross profit	5,765,539
Operating profit	3,938,694
Income before tax	3,917,191
Net income	2,774,009

Note: Numbers are presented on consolidated basis. The net income of year 2016 includes the net income of NT\$3,654 thousand belongs to the minority interests.

ii. Summary of cash flow statements

Unit: NT\$ thousands

Items	Year 2016
Net cash provided by operating activities	2,600,572
Net cash used in investing activities	520,486
Net cash used in financing activities	1,534,300
Effects of changes in foreign exchange rate on cash and cash equivalents	(226,971)
Increase in cash in reporting period	318,815

iii. Analysis of profitability

Items	Year 2015	Year 2016
Return on assets (%)	14.08	15.14
Return on equities (%)	26.78	27.46
Percentage of paid-in capital (%)	Operating profit	102.33
	Income before tax	104.90
Net margin (%)	11.46	12.57
Earnings per share (NT Dollar)	7.55	8.70

iv. Results of research and development:

New product successfully developed by the company in 2016:

1. Eco-friendly ultra-low signal loss High-Tg laminates for radio frequency transmission
2. Eco-friendly ultra-low signal loss laminates with high dimensional stability for radio frequency transmission

In addition, the company obtained 12 patents from the US, and received a number of quality certifications for the halogen-free eco-friendly laminates. Ultra-low signal loss eco-friendly base materials were continuously submitted to international companies for testing to obtain quality certifications. Eco-friendly laminates with high layer-count for high-frequency radio signal transmission and electronic devices adopted by automotive vehicles have received quality certifications from end customers, and full mass production for the said products has been commenced. For the increasing proficiency in mass production ability of the company and the reliable quality of eco-friendly products, EMC has the confidence to cement the leading position of the company in the global laminate market.

II. Summary of Year 2016 business plan

i. Operating strategy

- a. To obtain more quality certifications for laminates used by automotive vehicles
- b. To seek for international strategically cooperative alliance
- c. To promote proactively laminates with increasingly higher thermal reliability
- d. To create more applications for high density interconnect (HDI) board and to promote the consumption of such products

ii. Sales volume target

Production site	CCL (Sheet)	Prepreg (roll)	Mass Lam (000 panels)
Guanyin, Taiwan	6,666,601	156,459	
Kunshan, China	13,985,500	243,290	
Zhongshan, China	9,103,078	181,311	
Hsinchu, Taiwan			1,828
Total	29,755,179	581,060	1,828

a. Expected sales volume target:

Copper clad laminates (CCLs): 29,775,179 sheets/year
Prepreg (PP): 581,060 rolls/year
Mass Lam (M/L): 1,828 thousand panels/year

b. Significant production and sales policies:

- (a) To pursue the most appropriate inventory volume by coordinating production and sales activities, in order to improve the utilization efficiency of the working capital
- (b) To improve the production yield rate in order to meet the rising demand from clients

- (c) To increase the sales volume of eco-friendly products in compliance with the environmental regulations of the European Union (EU)

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 create stronger customers' loyalty by continuous raising of service quality and insists on advancing customers' satisfaction
- b. To enhance operating results by precisely executing the internal control policy and the management decisions
- c. To develop varieties of base materials consumed by high-frequency laminates with increasingly higher thermal reliability, in order to meet the rising demand from the proliferating cloud services.

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

In year 2017, a steady recovery in global economy subsequent to a multi-year vicissitudes in growth pattern appears to be the consensus view of the market. Taiwan economy, highly export-oriented, would have the opportunity to ride on the worldwide upward trend. Provided the positive development at the macroeconomic situation, EMC has the confidence that the demand of laminate will remain healthy, or in a better scenario, the growth can be accelerated. To take advantage of the opportunity, EMC plans: 1) to increase the percentage of sales derived from halogen-free base materials, as we believe handsets and other consumer electronic devices would entirely adopt halogen-free materials since environment consciences will be an irreversible trend; 2) to increase sales from high-frequency laminates with higher thermal reliability; 3) to advance services to customers to cement current market share, and actively cultivate potential customers; 4) to better execute the performance evaluation of the company employees and strictly implement self-examination system.

Chairman & President: Dong, Ding-Yu

Directors of Accounting Department: Sara Yen

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

Attachment II

Year 2016 Financial Statements – consolidated basis

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	2016.12.31		2015.12.31	
	Amount	%	Amount	%
ASSETS				
Current Assets:				
1100 Cash and cash equivalents (Notes (6)(a))	\$ 4,230,085	22	3,911,270	22
1150 Notes receivable, net (Notes (6)(c))	289,730	1	245,500	1
1170 Accounts receivable, net (Notes (6)(c))	7,433,370	39	6,527,270	37
1200 Other receivables, net (Notes (6)(c))	7,393	-	16,448	-
1310 Inventories (Notes (6)(d))	2,074,544	11	1,790,378	10
1470 Other current assets	106,972	1	85,128	1
	<u>14,132,084</u>	<u>74</u>	<u>12,575,984</u>	<u>71</u>
Non-Current Assets:				
1523 Non-current available-for-sale financial assets (Notes (6)(b))	18,229	-	18,534	-
1600 Property, plant and equipment (Note (6)(f))	4,622,571	24	4,656,802	26
1780 Intangible assets	5,062	-	3,286	-
1840 Deferred tax assets (Note (6)(i))	53,833	-	24,286	-
1900 Other non-current assets	294,835	2	310,738	2
1920 Guarantee deposits paid	14,227	-	13,674	-
1985 Long-term prepaid rents	91,934	-	102,495	1
	<u>5,100,691</u>	<u>26</u>	<u>5,131,835</u>	<u>29</u>
Total assets	\$ 19,232,775	100	\$ 17,707,819	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Short-term borrowings (Notes (6)(g))	\$ 130,449	1	12,605	-
Current financial liabilities at fair value through profit or loss (Notes (6)(b))	17,008	-	18,335	-
Accounts payable	5,042,103	26	4,474,140	25
Other payables	1,276,646	7	1,132,092	6
Current tax liabilities	354,433	2	311,617	2
Current provisions (Note (6)(j))	62,883	-	20,101	-
Long-term borrowings, current portion (Note (6)(a))	350,000	2	312,500	2
Other current liabilities, others	13,215	-	13,839	-
	<u>7,246,837</u>	<u>38</u>	<u>6,295,239</u>	<u>35</u>
Non-Current liabilities:				
Long-term borrowings (Note (6)(a))	870,900	5	1,219,700	7
Non-current provisions for employee benefits (Notes (6)(k))	31,080	-	7,971	-
Deferred tax liabilities (Notes (6)(i))	556,942	3	477,179	3
Guarantee deposits received	15,044	-	15,960	-
	<u>1,473,966</u>	<u>7</u>	<u>1,720,810</u>	<u>10</u>
Total liabilities	\$ 8,720,803	45	\$ 8,016,049	45
Equity attributable to owners of parent (Note (6)(m)):				
Share capital	3,189,211	17	3,175,071	18
Capital surplus	443,632	3	432,549	2
Retained earnings:				
Legal reserve	979,661	5	740,737	4
Accumulated profit and loss	6,014,995	31	4,876,106	28
Other equity	(126,586)	(1)	456,175	3
Non-controlling interests	11,039	-	11,162	-
Total equity	\$ 10,511,972	55	\$ 9,691,780	55
Total liabilities and equity	\$ 19,232,775	100	\$ 17,707,819	100

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

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

ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

		2016		2015	
		Amount	%	Amount	%
4000	Operating revenue (Note (6)(p))	\$ 22,069,584	100	20,869,717	100
5000	Operating costs (Note (6)(d))	(16,304,045)	(74)	(15,805,387)	(76)
	Gross profit from operations	<u>5,765,539</u>	<u>26</u>	<u>5,064,330</u>	<u>24</u>
	Operating expenses:				
6100	Selling expenses	(1,035,767)	(5)	(1,183,770)	(6)
6200	Administrative expenses	(588,341)	(2)	(448,953)	(2)
6300	Research and development expenses	(202,737)	(1)	(182,457)	(1)
	Total operating expenses	<u>1,826,845</u>	<u>8</u>	<u>1,815,180</u>	<u>9</u>
	Net operating income	<u>3,938,694</u>	<u>18</u>	<u>3,249,150</u>	<u>15</u>
	Non-operating income and expenses (Note (6)(r)):				
7010	Other income	22,762	-	7,300	-
7020	Other gains and losses	(17,053)	-	109,992	1
7050	Finance costs	(27,212)	-	(35,792)	-
	Total non-operating income and expenses	<u>(21,503)</u>	<u>-</u>	<u>81,500</u>	<u>1</u>
	Profit before income tax	<u>3,917,191</u>	<u>18</u>	<u>3,330,650</u>	<u>16</u>
7951	Less: Tax expense (Note (6)(l))	<u>(1,143,182)</u>	<u>(5)</u>	<u>(938,463)</u>	<u>(4)</u>
	Profit	<u>2,774,009</u>	<u>13</u>	<u>2,392,187</u>	<u>12</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement from defined benefit plans	(29,655)	-	22,110	-
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	<u>5,042</u>	<u>-</u>	<u>(3,758)</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(24,613)</u>	<u>-</u>	<u>18,352</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	(702,914)	(3)	(158,930)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>119,361</u>	<u>-</u>	<u>26,833</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(583,553)</u>	<u>(3)</u>	<u>(132,097)</u>	<u>(1)</u>
	Other comprehensive income	<u>(608,166)</u>	<u>(3)</u>	<u>(113,745)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 2,165,843</u>	<u>10</u>	<u>2,278,442</u>	<u>11</u>
	Profit, attributable to:				
	Profit, attributable to owners of parent	\$ 2,770,355	13	2,389,239	12
	Profit, attributable to non-controlling interests	<u>3,654</u>	<u>-</u>	<u>2,948</u>	<u>-</u>
		<u>\$ 2,774,009</u>	<u>13</u>	<u>2,392,187</u>	<u>12</u>
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	\$ 2,162,981	10	2,276,577	11
	Comprehensive income, attributable to non-controlling interests	<u>2,862</u>	<u>-</u>	<u>1,865</u>	<u>-</u>
		<u>\$ 2,165,843</u>	<u>10</u>	<u>2,278,442</u>	<u>11</u>
	Earnings per share (Note (6)(o))				
	Basic earnings per share (dollars)	<u>\$ 8.70</u>		<u>7.55</u>	
	Diluted earnings per share (dollars)	<u>\$ 8.65</u>		<u>7.46</u>	

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2016 and 2015
 (Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent						
	Share capital	Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Difference on Translation of Foreign Statements	Total Equity Attributable to Owners of Parent	Non-controlling Interests
Balance as of January 1, 2015	\$ 3,159,941	419,305	586,667	3,412,810	587,189	8,166,112	9,297
Profit for the year ended December 31, 2015	-	-	-	2,389,239	-	2,389,239	2,948
Other comprehensive income for the year ended December 31, 2015	-	-	-	18,332	(131,014)	(112,682)	(1,083)
Total comprehensive income for the year ended December 31, 2015	-	-	-	2,407,571	(131,014)	2,276,557	1,865
Earnings distribution:							
Legal reserve	-	-	133,870	(133,870)	-	-	-
Cash dividends	-	-	-	(790,425)	-	(790,425)	-
Conversion of convertible bonds	-	2,168	-	-	-	2,168	-
Conversion of certificates of bonds-for-ordinary shares	1,600	(384)	-	-	-	1,016	-
Due for repayment of convertible bonds	-	(1,224)	-	-	-	(1,224)	-
Issuance of shares for exercise of employee stock options	13,510	11,144	-	-	-	24,654	-
Recognized compensation costs on employee stock options	-	1,740	-	-	-	1,740	-
Balance as of December 31, 2015	3,173,051	432,549	740,737	4,876,106	456,175	9,680,618	11,162
Profit for the year ended December 31, 2016	-	-	-	2,770,355	-	2,770,355	3,654
Other comprehensive income for the year ended December 31, 2016	-	-	-	(24,613)	(582,761)	(607,374)	(792)
Total comprehensive income for the year ended December 31, 2016	-	-	-	2,745,742	(582,761)	2,162,981	2,862
Earnings distribution:							
Legal reserve	-	-	238,924	(238,924)	-	-	-
Cash dividends	-	-	-	(1,367,929)	-	(1,367,929)	-
Issuance of shares for exercise of employee stock options	14,160	11,031	-	-	-	25,191	-
Recognized compensation costs on employee stock options	-	32	-	-	-	32	-
Changes in non-controlling interests	-	-	-	-	-	-	(7,965)
Balance as of December 31, 2016	\$ 3,189,211	443,632	979,661	6,014,995	(126,586)	10,500,913	11,029
							(7,965)
							10,511,972

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

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

ELITE MATERIAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities :		
Profit before tax	\$ 3,917,191	3,330,650
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	466,091	535,229
Amortization	2,580	1,767
Provision for doubtful accounts	7,294	(2,947)
Loss (profit) on financial assets or liabilities at fair value through profit or loss	(24)	19,904
Interest expenses	27,212	35,709
Interest income	(22,762)	(7,300)
(Gains) loss from disposal and retirement of property, plant and equipment, net	316	6,209
Share-based payment	52	1,740
Discount amortization on convertible bonds convert to Interest expense	-	83
Gain on repayment of convertible bonds	-	(1,224)
Total adjustments to reconcile net income to net cash provided by operating activities	480,759	589,170
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(48,630)	(17,372)
Accounts receivable	(1,334,594)	263,121
Other receivables	8,256	39,601
Inventories	(399,756)	30,065
Other current assets	(34,005)	(6,572)
Other assets	2,631	5,198
Total changes in operating assets, net	(1,806,098)	314,041
Changes in operating liabilities, net:		
Accounts payable	848,664	(335,147)
Other payable	35,332	134,226
Provision	45,443	(8,072)
Other current liabilities	6,759	7,275
Net defined benefit liabilities	(6,546)	(5,756)
Total changes in operating liabilities, net	929,652	(207,474)
Total changes in operating assets and liabilities, net	(876,446)	106,567
Total Adjustments	(395,687)	695,737
Cash inflow generated from operations	3,521,504	4,026,387
Interest received	22,804	7,310
Interests paid	(27,244)	(36,315)
Income taxes paid	(916,492)	(422,743)
Net cash provided by operating activities	2,600,572	3,574,639
Cash flows from investing activities:		
Acquired of property, plant and equipment	(518,764)	(233,854)
Disposal of property, plant and equipment	2,095	1,045
Acquired of intangible assets	(4,522)	(3,457)
Decrease in guarantee deposits paid	705	2,664
Net cash used in investing activities	(520,486)	(233,602)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	123,233	(885,769)
Decrease in short-term notes and bills payable	-	(199,626)
Proceeds from long-term borrowings	-	1,535,481
Repayments from long-term borrowings	(311,300)	(1,237,500)
Decrease in guarantee deposit received	(530)	(1,615)
Dividends paid	(1,370,894)	(791,303)
Exercise of employee stock options	25,191	24,654
Due for repayment of convertible bonds	-	(6,700)
Net cash used in financing activities	(1,534,300)	(1,562,378)
Foreign exchange rate effects	(226,971)	(36,308)
Net increase in cash and cash equivalents	318,815	1,742,351
Cash and cash equivalents, beginning of year	3,911,270	2,168,919
Cash and cash equivalents, end of year	\$ 4,230,085	3,911,270

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

		2016		2015	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note (6)(p))	\$ 6,025,659	100	5,852,231	100
5000	Operating costs (Note (6)(d))	<u>(4,713,871)</u>	<u>(78)</u>	<u>(4,629,473)</u>	<u>(79)</u>
	Gross profit (loss) from operations	1,311,788	22	1,222,758	21
5910	Less: Unrealized gains	1,046	-	973	-
5920	Add: Realized gains	<u>973</u>	<u>-</u>	<u>1,489</u>	<u>-</u>
	Gross profit from operations, net	<u>1,311,715</u>	<u>22</u>	<u>1,223,274</u>	<u>21</u>
	Operating expenses:				
6100	Selling expenses	(228,190)	(4)	(224,776)	(4)
6200	Administrative expenses	(322,831)	(5)	(217,967)	(4)
6300	Research and development expenses	<u>(92,184)</u>	<u>(2)</u>	<u>(74,330)</u>	<u>(1)</u>
6300	Total operating expenses	<u>643,205</u>	<u>11</u>	<u>517,073</u>	<u>9</u>
	Net operating income	668,510	11	706,201	12
	Non-operating income and expenses:				
7010	Other income (Note (6)(r))	2,460	-	1,452	-
7020	Other gains and losses (Note (6)(r))	(17,300)	-	28,190	-
7370	Share of profit of associates and joint ventures accounted for using equity method	2,793,523	46	2,220,063	38
7050	Finance costs (Note (6)(r))	<u>(27,005)</u>	<u>-</u>	<u>(30,393)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>2,751,678</u>	<u>46</u>	<u>2,219,312</u>	<u>37</u>
7900	Profit before income tax	3,420,188	57	2,925,513	49
7951	Less: Tax expense	<u>(649,833)</u>	<u>(11)</u>	<u>(536,274)</u>	<u>(9)</u>
	Profit	<u>2,770,355</u>	<u>46</u>	<u>2,389,239</u>	<u>40</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement from defined benefit plans	(29,655)	-	22,110	-
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss	<u>5,042</u>	<u>-</u>	<u>(3,758)</u>	<u>-</u>
		<u>(24,613)</u>	<u>-</u>	<u>18,352</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	(702,122)	(12)	(157,847)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>119,361</u>	<u>2</u>	<u>26,833</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>(582,761)</u>	<u>(10)</u>	<u>(131,014)</u>	<u>(3)</u>
	Other comprehensive income after tax	<u>(607,374)</u>	<u>(10)</u>	<u>(112,662)</u>	<u>(3)</u>
	Total comprehensive income	<u>\$ 2,162,981</u>	<u>36</u>	<u>2,276,577</u>	<u>37</u>
	Basic earnings per share (Note (6)(o)) (dollars)	<u>\$ 8.70</u>		<u>7.55</u>	
	Diluted earnings per share (Note (6)(o)) (dollars)	<u>\$ 8.65</u>		<u>7.46</u>	

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

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Retained Earnings			Other Equity	Total
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	
Balance as of January 1, 2015	\$ 3,159,941	419,305	586,867	3,412,810	587,189	8,166,112
Profit for the year ended December 31, 2015	-	-	-	2,389,239	-	2,389,239
Other comprehensive income for the year ended December 31, 2015	-	-	-	18,352	(131,014)	(112,662)
Total comprehensive income for the year ended December 31, 2015	-	-	-	2,407,591	(131,014)	2,276,577
Earnings distribution:						
Legal reserve	-	-	153,870	(153,870)	-	-
Cash dividends	-	-	-	(790,425)	-	(790,425)
Conversion of convertible bonds	-	2,168	-	-	-	2,168
Conversion of certificates of bonds-to-ordinary shares	1,600	(584)	-	-	-	1,016
Due for repayment of convertible bonds	-	(1,224)	-	-	-	(1,224)
Issuance of shares for exercise of employee stock options	13,510	11,144	-	-	-	24,654
Recognized compensation costs on employee stock option	-	1,740	-	-	-	1,740
Balance as of December 31, 2015	3,175,051	432,549	740,737	4,876,106	456,175	9,680,618
Profit for the year ended December 31, 2016	-	-	-	2,770,355	-	2,770,355
Other comprehensive income for the year ended December 31, 2016	-	-	-	(24,613)	(582,761)	(607,374)
Total comprehensive income for the year ended December 31, 2016	-	-	-	2,745,742	(582,761)	2,162,981
Earnings distribution:						
Legal reserve	-	-	238,924	(238,924)	-	-
Cash dividends	-	-	-	(1,367,929)	-	(1,367,929)
Issuance of shares for exercise of employee stock options	14,160	11,031	-	-	-	25,191
Recognized compensation costs on employee stock option	-	52	-	-	-	52
Balance as of December 31, 2016	\$ 3,189,211	443,632	979,661	6,014,995	(126,586)	10,500,913

Note: For the years ended December 31, 2016 and 2015, rewards of directors of \$35,627 and \$30,474 and employees of \$106,881 and \$91,422, respectively, were estimated and recognized as current expense.

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

ELITE MATERIAL CO., LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Profit before tax	\$ 3,420,188	2,925,513
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	149,662	165,755
Amortization	1,537	1,339
Provision for doubtful accounts	6,519	(2,185)
Loss (profit) on financial assets or liabilities at fair value through profit or loss	1,968	-
Investment gains (losses) recognized under equity method	(2,793,523)	(2,220,063)
Interest expenses	27,005	30,310
Interest income	(2,460)	(1,452)
(Gains) loss from disposal and retirement of property, plant and equipment, net	(544)	2,395
Share-based payment	52	1,740
Discount amortization on convertible bonds convert to Interest expense	-	83
Gain on repayment of convertible bonds	-	(1,224)
Total adjustments to reconcile net income to net cash provided by operating activities	(2,609,784)	(2,023,302)
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(27,511)	10,246
Accounts receivable	(74,116)	(176,713)
Other receivables	11,298	49,377
Inventories	(88,867)	121,181
Deferred revenues	(20)	(1,174)
Other current assets	(6,532)	231
Other assets	(11,118)	(7,726)
Total changes in operating assets, net	(196,866)	(4,578)
Changes in operating liabilities, net:		
Accounts payable	5,794	43,690
Other payable	89,458	66,058
Provision	14,749	(1,554)
Other current liabilities	(334)	652
Net defined benefit liabilities	(6,546)	(5,756)
Total changes in operating liabilities, net	103,121	103,090
Total changes in operating assets and liabilities, net	(93,745)	98,512
Total Adjustments	(2,703,529)	(1,924,790)
Cash inflow generated from operations	716,659	1,000,723
Interest received	2,506	1,457
Dividends received	1,758,157	414,262
Interests paid	(27,071)	(30,109)
Income taxes paid	(471,541)	(89,126)
Net cash provided by operating activities	1,978,710	1,297,207
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(347,106)	(70,710)
Disposal of property, plant and equipment	1,935	316
Acquisition of intangible assets	(2,334)	(2,056)
Increase in guarantee deposits paid	(20)	(3,253)
Net cash used in investing activities	(347,525)	(75,703)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	13,693	(381,714)
Decrease in short-term notes and bills payable	-	(199,626)
Repayment of convertible bonds	-	(6,700)
Proceeds from long-term borrowings	-	1,535,481
Repayments from long-term borrowings	(311,300)	(1,237,500)
Increase in guarantee deposits paid	(26)	(4,832)
Dividends paid	(1,367,929)	(790,425)
Exercise of employee stock options	25,191	24,654
Net cash used in financing activities	(1,640,371)	(1,060,662)
Net increase in cash and cash equivalents	(9,186)	160,842
Cash and cash equivalents, beginning of year	653,223	492,381
Cash and cash equivalents, end of year	\$ 644,037	653,223

Attachment III

The Independent Auditors' Report by KPMG – consolidated report

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

Opinion

We have audited the consolidated financial statements of Elite Material Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2016 and 2015, 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, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of accounts receivable

Please refer to Note (4)(g) “financial instruments” and Note (6)(c) “accounts receivable and other receivables” of the consolidated financial statements.

Description of key audit matter:

Assessment of accounts receivable involves uncertainty due to the credit risk resulting from characteristics of industry and industrial economic situation. In addition, the recognition on impairment loss of accounts receivable was based on the policy of the Group and the assessment of the management. The assessment is based on the subjective judgment of the management, which was also why the reason on the assessment of accounts receivable involved uncertainty. Therefore, the assessment on impairment of accounts receivable was considered to be one of the key audit matters in our 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: understanding the policy 、 approach and rationality of data on the valuation of accounts receivable; inspecting whether the Group’s management has executed the credit assessment to the top ten newly-added customer; obtaining aging analysis of accounts receivable to verify the completeness and accuracy, and understanding how the management evaluate the collectability of accounts receivable which were past due but not impaired; inspecting the collection situation after balance sheet date in order to make sure the rationality to allowance for accounts receivable that has been assessed by the Group’s management on balance sheet date; evaluating the reasonableness and the completeness of disclosure of impairment loss if the carrying amount of accounts receivable exceeds the amount to be recovered.

3. Allowance for Inventory Valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

Elite Material Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Liu-Fong Yang and Ying-Ju Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Notes to Readers

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

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

The Independent Auditors' Report by KPMG

– stand-alone report

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

Opinion

We have audited the financial statements of Elite Material Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2016 and 2015, the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2016 and 2015, 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, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of accounts receivable

Please refer to Note (4)(f) “financial instruments” and Note (6)(c) “accounts receivable and other receivables” of the financial statements.

Description of key audit matter:

Assessment of accounts receivable involves uncertainty due to the credit risk resulting from characteristics of industry and industrial economic situation. In addition, the recognition on impairment loss of accounts receivable was based on the policy of the Company and the assessment of the management. The assessment is based on the subjective judgment of the management, which was also why the reason on the assessment of accounts receivable involved uncertainty. Therefore, the assessment on impairment of accounts receivable was considered to be one of the key audit matters in our 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: understanding the policy 、approach and rationality of data on the valuation of accounts receivable; inspecting whether the Company’s management has executed the credit assessment to the top ten newly-added customer; obtaining aging analysis of accounts receivable to verify the completeness and accuracy, and understanding how the management evaluate the collectability of accounts receivable which were past due but not impaired; inspecting the collection situation after balance sheet date in order to make sure the rationality to allowance for accounts receivable that has been assessed by the Company’s management on balance sheet date; evaluating the reasonableness and the completeness of disclosure of impairment loss if the carrying amount of accounts receivable exceeds the amount to be recovered.

3. Allowance for Inventory Valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Liu-Fong Yang and Ying-Ju Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Notes to Readers

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

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

Attachment IV

Review report by the auditing committee

To the 2017 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 2016 which had been audited by independent auditors, Mr. Leou Fong Yang and Ms. Celia Chen of KPMG, and the auditing report signed by the said independent auditors, and found them in order. We thereby submit the report.



Yeh, Chia Hsiu

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

16 March 2017

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Attachment V

Information of employees' compensation and Directors' remuneration in Year 2016

Unit: NT\$ Dollar		
		<u>Year 2016</u>
Earnings before tax, employee's compensation, and Directors' remuneration	\$	3,562,695,965
Accumulated losses		-
Distributable earnings to employees and Directors	\$	<u>3,562,695,965</u>
Employees' compensation (3% of the distributable earnings)	\$	106,880,879
Directors' remuneration (1% of the distributable earnings)	\$	35,626,960

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 2016

Unit: NT dollar

Net income of 2016	2,770,355,246
Less:	
10% legal reserve	277,035,525
Special reserve of earnings	126,585,669
Other comprehensive loss (actuarial adjustment of defined benefit plan of Year 2016)	24,613,419
Plus:	
Unappropriated retained earnings of previous years	3,269,252,839
Earnings available for distribution as of 31 December 2016	5,611,373,472
Distribution items:	
Cash dividends to common share holders (NT\$4.7 per share)	1,499,056,258
Stock dividends to common share holders	-
(Cash dividend per common share is calculated based on a total number of shares outstanding of 318,948,140.)	
Total distribution	1,499,056,258
Unappropriated earnings	4,112,317,214

Note:

1. Pursuant to the Article 36 of Elite Material Co., Ltd. Articles of Incorporation, the distribution order of Year 2016 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 16 March 2017.

Chairman & President: Dong, Ding-Yu

Director of Accounting Department: Sara Yen

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Attachment VII

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

Article 9	Current Articles	Proposed Changes	Reasons
	<p>In the case of real property or equipment acquired or disposed by the Company other than as a result of transactions with the <u>government</u>, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipment for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report; furthermore, the following provisions shall be complied with:</p> <p>(The remaining paragraphs of this Article are not amended; therefore, please refer to Attachment XII for the full text.)</p>	<p>In the case of real property or equipment acquired or disposed by the Company other than as a result of transactions with the <u>government, government agencies</u>, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipment for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report; furthermore, the following provisions shall be complied with:</p>	<p>Amended Paragraph 1, as the possibility for the government and government agencies to manipulate the price in the case of transaction of real property or equipment is little, obtaining a valuation report from professional appraiser can be waived.</p>
Article 13	Current Articles	Proposed Changes	Reasons
	<p>The Company shall, if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>domestic money market funds</u>, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p>	<p>The Company shall, if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>money market funds offered by domestic investment trust companies</u>, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p>	<p>Amended Paragraph 1. “Domestic money market funds” shall be limited to the money market funds offered by domestic investment trust companies, which have received the approval for operation from the Financial Supervisory Commission pursuant to</p>

	(The remaining items and paragraphs of this Article are not amended; therefore, please refer to Attachment XII for the full text.)		Securities Investment Trust and Consulting Act.
Article 18	Current Articles	Proposed Changes	Reasons
	<p>The Company shall, prior to the Board of Directors' meeting to approve proposed mergers, demergers, acquisitions or transfer of shareholding by way of its resolution, seek opinions from accountants, lawyers or securities underwriters in respect of the share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets, the said opinions to be forwarded to the Board of Directors for their discussion.</p> <p><u>In case of the Company merging a subsidiary whose total issued shares or paid-in capital are one hundred percent (100%) owned by the Company, or in case of the merge of subsidiaries whose total issued shares or paid-in capital are one hundred percent (100%) owned by the Company, the aforesaid opinions are not needed.</u></p>	<p>The Company shall, prior to the Board of Directors' meeting to approve proposed mergers, demergers, acquisitions or transfer of shareholding by way of its resolution, seek opinions from accountants, lawyers or securities underwriters in respect of the share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets, the said opinions to be forwarded to the Board of Directors for their discussion.</p>	<p>Paragraph 2 deleted for redundancy. In accordance with the Business Mergers and Acquisitions Act, the said merge in the original text is, in its nature, re-organization within one entity; therefore, matters about share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets do not occur.</p>
Article 26	Current Articles	Proposed Changes	Reasons
	<p>Under any of the following circumstances, the Company when acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by FSC designated in the appropriate format (in the prescribed format and via the Internet-based information system) within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 per cent (20%) or more of paid-in capital, 10 per cent (10%) or more of the Company's</p>	<p>Under any of the following circumstances, the Company when acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by FSC designated in the appropriate format (in the prescribed format and via the Internet-based information system) within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 per cent (20%) or more of paid-in capital, 10 per cent (10%) or more of the Company's</p>	

<p>total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase and resale agreements, or <u>subscription or redemption of domestic money market funds</u>;</p> <p>2) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>3) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade; and</p> <p>4) <u>Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u> <u>a. Sale and purchase of government bonds;</u> <u>b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, subscription of corporate bonds and bank debentures without an equity nature in the domestic primary market, or subscription of securities by a securities firm as an underwriter of the issuing company in the primary market or in accordance with relevant regulations specified by the GreTai Securities Market;</u> <u>c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds;</u> <u>d. The assets so acquired or disposed are equipment for business purposes and in which the counterparties are not related parties, and that the transaction amount is less than NT\$ 500 million;</u> <u>e. The assets so acquired or disposed are real property for construction purpose and in which the counterparties are not related parties, and that the transaction amount is less than NT\$500 million; and</u> <u>f. Real property obtained by way of</u></p>	<p>total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase and resale agreements, or <u>subscription or redemption of domestic money market funds offered by domestic investment trust companies</u>;</p> <p>2) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>3) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade; and</p> <p>4) <u>The assets so acquired or disposed are equipment for business purposes and in which the counterparties are not related parties, and that the transaction amount is:</u> <u>a. Less than NT\$ 500 million; while the paid-in capital of the counterparty is less than NT\$10,000 million; and</u> <u>b. Less than NT\$1,000 million; while the paid-in capital of the counterparty reaches NT\$10,000 million or more.</u> <u>5) The assets so acquired or disposed are real property for construction purpose and in which the counterparties are not related parties, and that the transaction amount is less than NT\$500 million;</u> <u>6) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</u> <u>7) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u> <u>a. Sale and purchase of government bonds;</u> <u>b. Securities trading by investment professionals on foreign or domestic</u></p>	<p>Amended Item 1) of Paragraph 1. The reason for the amendment is stipulated in the amending reason of Article 9.</p> <p>Amended Item 4) of Paragraph 1. The publicly disclosure criteria is added for the transaction of the counterparty has a paid-in capital exceeding NT\$1,000 million.</p> <p>Items 5), 6), and 7) are added to increase the scope of the public disclosure items for better transparency.</p>
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	<p><u>entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</u></p> <p>The calculation of transaction amount for the prescribed items is as follows:</p> <ol style="list-style-type: none"> 1) Each single transaction amount; 2) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature; 3) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year; or 4) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year. <p>"Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting website appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its</p>	<p><u>securities exchanges or over-the-counter markets, subscription of corporate bonds and bank debentures without an equity nature in the domestic primary market, or subscription of securities by a securities firm as an underwriter of the issuing company in the primary market or in accordance with relevant regulations specified by the GreTai Securities Market; and</u></p> <p><u>c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds offered by domestic investment trust companies.</u></p> <p>The calculation of transaction amount for the prescribed items is as follows:</p> <ol style="list-style-type: none"> 1) Each single transaction amount; 2) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature; 3) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year; or 4) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year. <p>"Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting website appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its</p>	
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	<p>non-public subsidiaries.</p> <p>Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, <u>the Company shall cause all of the items to be re-published.</u></p> <p>The Company shall file at its premises all contracts, minutes of meetings, record books, valuation reports and opinions of accountants, lawyers or securities underwriters relating to its acquisition or disposition of assets for a minimum of five (5) years, unless otherwise stipulated by the law.</p>	<p>non-public subsidiaries.</p> <p>Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, <u>the Company shall cause all of the items to be re-published within two (2) days, commencing immediately from the date of the said errors and omissions found by the Company.</u></p> <p>The Company shall file at its premises all contracts, minutes of meetings, record books, valuation reports and opinions of accountants, lawyers or securities underwriters relating to its acquisition or disposition of assets for a minimum of five (5) years, unless otherwise stipulated by the law.</p>	<p>In consistence with the Article 27 of the Procedures, Paragraph 5 is amended.</p>
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**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment VIII

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

Article 6	Current Articles	Proposed Changes	Reasons
	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than the Company's Latest Net Worth at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.</p> <p>Companies with whom the Company has business relationships are those the Company sells products to and/or provides with service.</p>	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than the Company's Latest Net Worth at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.</p> <p>Companies with whom the Company has business relationships are those the Company sells products to and/or provides with service; <u>however, subsidiaries of the Company are excluded.</u></p> <p><u>Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees, and shall be limited to ten per cent (10%) of the Company's Latest Net Worth.</u></p>	<p>Wordings of Paragraph 2 amended to clarify the meaning.</p> <p>Paragraph 3 are added in accordance with the Letter issued by the Taiwan Stock Exchange Corporation (Letter Tai-Zen-Shan-(1)-Zi No. 1051804939).</p>
	<p>The aggregate amount of endorsements and guarantees issued by the Company to those said in the preceding paragraph shall be limited to ten percent (10%) of the Company's Latest Net Worth.</p> <p>The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall be no more than the Company's Latest Net Worth at the time the endorsements and guarantees</p>	<p>The aggregate amount of endorsements and guarantees issued by the Company to those said in the preceding paragraph shall be limited to ten percent (10%) of the Company's Latest Net Worth.</p> <p>The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall be no more than the Company's Latest Net Worth at the time the endorsements and guarantees</p>	

	<p>are issued. The total amount of endorsements and guarantees made by the Company and its subsidiaries for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.</p> <p>Where endorsements/guarantees are made to the Company's subsidiaries, net worth of those falls below 50% of their paid-in capital, the Company shall closely monitor the financial conditions, operations, and credit standings of such subsidiaries. Should collaterals be provided, the Company shall also monitor the change in the value of the said collaterals. Where any materially adverse event occurs, the Company shall terminate such endorsements/guarantees or take other appropriate actions. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>are issued. The total amount of endorsements and guarantees made by the Company and its subsidiaries for any individual company shall be limited to fifty per cent (50%) of the Company's Latest Net Worth.</p> <p>Where endorsements/guarantees are made to the Company's subsidiaries, net worth of those falls below 50% of their paid-in capital, the Company shall closely monitor the financial conditions, operations, and credit standings of such subsidiaries. Should collaterals be provided, the Company shall also monitor the change in the value of the said collaterals. Where any materially adverse event occurs, the Company shall terminate such endorsements/guarantees or take other appropriate actions. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	
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**In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*

Attachment IX

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

Article 4	Current Articles	Proposed Changes	Reasons
	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <p>1) The total amount of loans extended by the Company to the Borrowers as set forth in Article 3 above shall not exceed thirty per cent (30%) of the net worth of the last period audited or reviewed by its accountants ("the Company's Latest Net Worth").</p> <p>2) The total amount of loans extended by the Company to the Business Partners <u>shall not exceed the three per cent (3%) of the Company's Latest Net Worth.</u></p> <p>3) The total amount of loans extended by the Company to all Companies Seeking Short-Term Financing shall not exceed ten percent (10%) of the Company's Latest Net Worth.</p>	<p>Limits on the Total Amount of Lending and Respective Subjects:</p> <p>1) The total amount of loans extended by the Company to the Borrowers as set forth in Article 3 above shall not exceed thirty per cent (30%) of the net worth of the last period audited or reviewed by its accountants ("the Company's Latest Net Worth").</p> <p>2) The total amount of loans extended by the Company to the Business Partners <u>shall not exceed fifty per cent (50%) of the amount of orders placed, sales or transactions contemplated by the parties in the most recent year, or three per cent (3%) of the Company's Latest Net Worth, whichever is lower. The aggregate amount of loans extended in such case shall not exceed thirty per cent (30%) of the Company's Latest Net Worth.</u></p> <p>3) The total amount of loans extended by the Company to all Companies Seeking Short-Term Financing shall not exceed ten percent (10%) of the Company's Latest Net Worth. <u>The aggregate amount of loans extended in such case shall not exceed thirty per cent (30%) of the Company's Latest Net Worth.</u></p>	<p>Items 2 and 3 of this Article are amended in accordance with the Letter issued by the Taiwan Stock Exchange Corporation (Letter Tai-Zen-Shan-(1)-Zi No. 1051804939).</p>

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