Stock Code: 1717

Eternal Materials Co., Ltd.

Handbook for the 2019 Annual Meeting of Shareholders

Time: **June 26, 2019**
Place: **No. 22, Changxing Road, Luzhu District, Kaohsiung City**
(Art Center of the Lu-Chu Plant)

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Eternal Materials Co., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

Time: 09:30 a.m., June 26, 2019 (Wednesday)

Place: No. 22, Changxing Road, Luzhu District, Kaohsiung City
(Art Center of the Lu-Chu Plant)

I. Call the Meeting to Order

II. Chairperson Remarks

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I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation (Company Reports)

Report 1. 2018 Business Report

Explanation: For the Company's 2018 business report, refer to Pages 9~12 of the Handbook (Attachment 1).

Report 2. Audit Committee's Review Report on 2018 Financial Statements

Explanation: For the Audit Committee's review report, refer to Page 13 of the Handbook (Attachment 2).

Report 3. 2018 Endorsements/Guarantees for Others

Explanation: As of 2018, the amount of endorsements/guarantees provided by the Company for others is as follows:

Company Name	Currency	Amount	Relationship with the Company
Eternal Specialty Materials (Suzhou) Co., Ltd.	USD	3 million	100% of shares held indirectly
	RMB	180 million	
Eternal (China) Investment Co., Ltd.	USD	15 million	100% of shares held indirectly
Eternal Holdings Inc.	USD	55 million	100% of shares held directly
Eternal Technology Corporation	USD	10 million	100% of shares held indirectly
Nikko-Materials Co., Ltd.	JPY	500 million	100% of shares held directly
Eternal Polymer Co., Ltd.	USD	17 million	100% of shares held indirectly
	RMB	40 million	
Eternal Electronic (Suzhou) Co., Ltd.	USD	22.1 million	100% of shares held indirectly
	RMB	215 million	
Eternal Chemical (Chengdu) Co., Ltd.	RMB	120 million	100% of shares held indirectly
Eternal Chemical (Tianjin) Co., Ltd.	USD	9 million	100% of shares held indirectly
	RMB	150 million	
Eternal Sun A. (Suzhou) Co., Ltd.	USD	3.6 million	60% of shares held indirectly
Elga Europe S.r.l.	EUR	6.03 million	60% of shares held directly 35% of shares held indirectly
Eternal Materials (Malaysia) Sdn. Bhd.	USD	30 million	90% of shares held directly
	MYR	168 million	

Report 4. Distribution of 2018 Compensation for Directors of the Board and Employees

Explanation:

I. The compensation for directors of the Board and employees should be distributed in accordance with the Company Act and the Articles of Incorporation.

II. NT$14,400,000 and NT$77,544,433 have been accrued for the compensation for directors of the Board and the compensation for employees in 2018, respectively.

III. According to the Articles of Incorporation, the compensation for directors of the Board should be distributed based on the accrued amount, NT$14,400,000 (0.8977% of profit in 2018), upon approval of the Chairman.

IV. The compensation for employees should be distributed at 4.5% of profit in 2018, NT$72,180,642, NT$5,363,791 less than the accrued amount. The difference was recognized as the changes in accounting estimates in the following year's profit or loss.

V. The compensation for directors of the Board and employees in 2018 should be distributed in cash.

VI. The distribution of 2018 compensation for directors of the Board and employees was reviewed by the Remuneration Committee on March 19, 2019 and approved by the Board of Directors on March 27, 2019.

Report 5. Amendments to the Ethical Corporate Management Best Practice Principles

Explanation: Paragraph 2, Article 4 should be added in accordance with the Ethics Guidelines for Civil Servants, specifying the cap on the amount of bestowment and the total amount of bestowment within a year from the same source of accepted social customs. For the comparison table before and after the amendments, refer to Page 14 of the Handbook (Attachment 3).

IV. Proposals

Proposal 1. 2018 Financial Statements (Proposed by the Board of Directors)

Explanation:

I. The Company's 2018 financial statements, including the business report, balance sheet, and statements of comprehensive income, changes in equity, and cash flows, were reviewed by the Audit Committee on March 19, 2019. The Audit Committee's review report was prepared and approved by the Board of Directors on March 27, 2019.

II. For the above-mentioned business report, refer to Pages 7~9 of the Handbook (Attachment 1). For the standalone financial statements and consolidated financial statements and independent auditor's reports, refer to Pages 15~34 of the Handbook (Attachments 4 and 5).

III. Please acknowledge the proposal.

Resolution:

Proposal 2. 2018 Earnings Distribution (Proposed by the Board of Directors)

Explanation:

I. Cash dividends at NT$0.9/share should be distributed to shareholders. For the 2018 Earnings Distribution Table, refer to Page 35 of the Handbook (Attachment 6).

II. Cash dividends should be rounded to nearest integer. Odd dividends should be transferred to the Employee Welfare Committee. Upon approval of the shareholders' meeting, the Chairman should be authorized to set the date of distribution separately.

III. Please acknowledge the proposal.

Resolution:

V. Discussions

Proposal 1. Amendments to the Articles of Incorporation (Proposed by the Board of Directors)

Explanation:

I. In response to the business need, the Company should amend Article 2 of the Articles of Incorporation.

II. Article 18 of the Articles of Incorporation should be amended in accordance with the amendment to Article 237 of the Company Act.

III. Article 20 of the Articles of Incorporation should be amended to add the date of these amendments.

IV. For the comparison table before and after the amendments, refer to Pages 36~37 of the Handbook (Attachment 7).

V. Please resolve.

Resolution:

Proposal 2. Amendments to the Procedures for the Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanation:

I. The Procedures for the Acquisition or Disposal of Assets should be amended in accordance with the Order Jin-Guan-Zheng-Fa-Zi No. 1070341072 issued by the Financial Supervisory Commission on November 26, 2018.

II. For the comparison table before and after the amendments, refer to Pages 38~55 of the Handbook (Attachment 8).

III. Please resolve.

Resolution:

VI. Election Matters

Election of the 18th Directors of the Board (Proposed by the Board of Directors)

Explanation:

I. As the term of the 17th directors of the Board will expire on June 14, 2019, the 18th directors of the Board should be elected in accordance with the law.

II. According to the Articles of Incorporation, 11 people should be elected as the 18th directors of the Board (including 3 independent directors) in the 2019 annual meeting of shareholders, and the term of office should be from June 26, 2019 to June 25, 2022.

III. According to the law and the Articles of Incorporation, the Company has established the Audit Committee in replacement of supervisors. All independent directors should be on the Audit Committee, with the term of office identical to the term of the 18th directors of the Board.

IV. The nomination system should be adopted in the election of the 18th directors of the Board. The shareholders' meeting should select directors of the Board from the list of candidates for directors. For the list of candidates for directors, refer to Page 56~57 of the Handbook (Attachment 9).

V. Please elect the 18th Directors of the Board.

Results of Election:

VII. Other Matters

Proposal: Release of the 18th Directors of the Board from Non-compete Restrictions (Proposed by the Board of Directors)

Explanation:

I. The 18th directors of the Board are subject to the non-compete restrictions set forth in Paragraph 1, Article 209 of the Company Act. According to Paragraphs 2 and 3, Article 209 of the Company Act, the 18th directors of the Board concurrently hold a position in an investee company, which is within the scope of the Company's business, and the release of non-compete restrictions is proposed for approval of the 2019 annual meeting of shareholders. The main content of the release of non-compete restrictions is as follows:

Candidate	Concurrent Company	Concurrent Position
Kwang Yang Motor Co, Ltd. Representative: Ko, Chun-Ping	New E Materials Co., Ltd.	Director of the Board

II. Please resolve.

Resolution:

VIII. Questions and Motions

IX. Adjournment

Attachment 1

Business Report

Shareholders' trust and support are highly appreciated. In retrospect of 2018, the Company faced challenges, such as fluctuations in prices of raw materials, tariff barriers in international trade, and global economic slowdown. Although the management continued to develop the market to drive the growth of revenue, the overall profit was not as expected due to the reduction in profit margins.

Looking ahead to 2019, the business operations are challenging as uncertainties, such as the global economic downturn, the China-US trade war, and Brexit, remain. In the face of such challenges, the Company seeks for business opportunities and develops the market in the ever-changing environment. The plant in Malaysia started production in 2018 and brought flexibility to the global supply chain under the China-US trade war. In terms of business management, the Company plans to establish "smart manufacturing" with the new ERP system to enhance corporate resilience, efficiency and competitiveness. The Company will continue to fulfill its corporate social responsibility and corporate governance to create greater value for shareholders and society.

The operating results in 2018 are reported as follows:

I. 2018 Operating Results

(I) Implementation of the business plan

In 2018, consolidated net revenue of the Company was NT$43.3 billion, an increase of 4.21% from 2017. In terms of operating profit, net profit before tax was NT$1.864 billion, a decrease of 17.91% from the previous year; net profit after tax attributable to owners of the parent company was NT$1.551 billion, with the earnings per share after tax at NT$1.25.

(II) Implementation of the budget

As the Company did not disclose financial forecasts in 2018, the implementation of the budget was unavailable.

(III) Analysis of receipts, expenditures, and profitability

1. Receipts and expenditures:

Unit: NT$1,000

Item	Amount in 2018
Operating revenue	43,300,155
Operating gross profit	7,279,839

Operating profit or loss	1,813,005
Non-operating income and expenses	50,966
Net profit before tax	1,863,971
Net profit	1,492,323
Net comprehensive loss after tax	(600,017)
Total comprehensive income	892,306
Net profit attributable to owners of the parent company	1,550,515
Net profit attributable to non-controlling interests	(58,192)
Total comprehensive income attributable to owners of the parent company	952,243
Total comprehensive income attributable to non-controlling interests	(59,937)
Earnings per share (NT$)	1.25

2. Profitability analysis:

Unit: %

Item	Percentage
Return on assets (ROA)	4
Return on equity (ROE)	7
Ratio of net profit before tax to paid-in capital	15
Profit margin	3
Earnings per share (NT$)	1.25

(IV) Research and development

1. Research and development results in 2018:
   (1) Water-borne light-curing plastic cover
   (2) Bridging agent of high light anode electrophoretic coating
   (3) Water-borne passivation resin for galvanized steel plates
   (4) Visible-light photocatalyst antibacterial coating
   (5) Lightweight UP structural adhesive for FRP industry
   (6) Methylphenyl polyoxyalkylene microspheres for LED light
   (7) Accurate detection technology of fluorine content in water-borne fluorocarbon coating
   (8) Non-ionic self-extinguishing resin and coating
   (9) Eco-friendly high solids fluoroester resin
   (10) High performance acrylate PSA glue for electronics
   (11) Gel for cosmetic raw materials

2. Future research and development:
   (1) Biomedical testing materials
   (2) Green energy / energy storage materials
   (3) Soft electronic materials
   (4) Semiconductor packaging materials
   (5) High performance engineering plastic materials
   (6) Sustainable environmentally-friendly materials

(V) Business policy and production and marketing strategy

1. The product structure focused on the development of high-end products, such as functional resins, rubber materials, and membrane materials required for industrial applications (including coating, PCB, optoelectronics, semiconductor packaging, and biomedical technology). The Company also accelerated the commercialization of New Products Development (NPD) and New Business Development (NBD) to obtain a higher market value.

2. Apart from enhancing China's market presence, the Company actively expanded the local operations in Northeast Asia, ASEAN, India, and other emerging markets. With the completion of the plant in Malaysia, the Company continued to promote sales and strengthen its technology and market presence in Japan and Korea. At the same time, the Company will also strengthen the cooperation with multinational companies in Asia to drive business growth with a diversified product structure.

The Fed of the U.S. is expected to end the interest rate hikes, and the global economic boom is about to come to an end. Due to the China-US trade war, the economy of China has slowed down, causing an impact on the business environment. The Company will continue to adjust the operating structure with pragmatic and prudent principles, and will be committed to the development of business diversification with flexible and steady strategies and optimized allocation of resources. The Company will also redouble its efforts in research, development and commercialization of new materials to satisfy future market demand and ensure the competitive advantage in long-term development.

Chairman: Kao, Kuo-Lun President: Hsieh, Chin-Kun Chief Accountant: Su, Hui-Fang

Attachment 2

Eternal Materials Co., Ltd.

Audit Committee's Review Report

Approved.

The Company's 2018 business report, earnings distribution, financial statements and consolidated financial statements submitted by the Board of Directors have been reviewed by the Audit Committee, and no irregularities were found. The review report is hereby presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2019 Annual Meeting of Shareholders

Eternal Materials Co., Ltd.

Convener of the Audit Committee:

Hung, Lee-Jung

March 27, 2019

Attachment 3

Eternal Materials Co., Ltd.

Comparison Table for the Amendments to the Ethical Corporate Management Best Practice Principles

After the Amendments	Before the Amendments	Reasons for the Amendments
4. Type of Benefits "Benefits" in these Principles mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs set forth in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and these Principles and that do not adversely affect specific rights and obligations shall be excluded. Accepted social customs referred to in the preceding paragraph mean an employee's offering to or acceptance from a person with a market value of NT$3,000 or less, provided that the total market value offered to or accepted from the same source within a single fiscal year shall be limited to NT$10,000.	4. Type of Benefits "Benefits" in these Principles mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs set forth in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and these Principles and that do not adversely affect specific rights and obligations shall be excluded.	Accepted social customs are excluded from the ban on receipt of benefits. Paragraph 2 is added in accordance with the Ethics Guidelines for Civil Servants, specifying the cap on the amount of bestowment and the total amount of bestowment within a year from the same source of accepted social customs.

Attachment 4
INDEPENDENT AUDITORS' REPORT

Eternal Materials Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Eternal Materials Co., Ltd. (the Company), which comprise the standalone balance sheets as of December 31, 2018 and 2017, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2018 and 2017, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 standalone financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's standalone financial statements for the year ended December 31, 2018 are stated as follows:

<u>Revenue Recognition</u>

1. Description

   Due to pressure to meet management's projected targets and market expectations, there is a risk that reported operating revenue may be misstated. Therefore, revenue recognition is deemed as a key audit matter.

2. The audit procedures we performed in response to the above key audit matter are the following:

   a. We understood the internal controls on revenue recognition and tested their effectiveness; the internal controls cover customer master file, ordering, shipping, accounting and receiving.

b. We obtained major customers' master file data and we verified the registered responsible person, business category, and business address, and so on, with public information, and we evaluated the reasonableness of credit limit relative to the company size.

c. We evaluated the reasonableness of sales revenue, gross profit rate and transaction terms of major customers.

d. We selected moderate sample size from sales revenue details, and we examined the payments received and goods delivery receipts, and we verified that the remitter matched the customer.

e. We examined material subsequent events with respect to sales returns to verify that the sales transactions occurred before balance sheet date.

Other Matter

The financial statements of some associates which were used to account for investments by the equity method were audited by other auditors. Therefore, our opinion on the amounts and disclosures of such investments included in the accompanying financial statements were based on financial statements audited by other auditors. Such investments accounted for using the equity method amounted to NT$1,229,360 thousand and NT$1,245,009 thousand, representing 3% of the Company's total assets as of December 31, 2018 and 2017, respectively, and the share of the profit of associates amounted to NT$214,645 thousand and NT$248,308 thousand, representing 23% and 18% of the Company's total comprehensive income for the year ended December 31, 2018 and 2017, respectively.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the 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 standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 standalone financial statements.

As part of an audit in accordance with the 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the Company's 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 standalone financial statements for the year ended December 31, 2018 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 Lee-Yuan Kuo and Chun-Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2019

<u>*Notice to Readers*</u>

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

Eternal Materials Co., Ltd.

STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 266,244	1	$ 660,560	1
Notes receivable, net (Notes 4 and 7)	382,064	1	379,645	1
Notes receivable from related parties, net (Notes 4, 7 and 28)	133	-	325	-
Accounts receivable, net (Notes 4, 5 and 7)	2,608,286	6	2,943,730	7
Accounts receivable from related parties, net (Notes 4, 5, 7 and 28)	909,174	2	883,022	2
Other receivables (Note 28)	619,801	1	504,013	1
Inventories (Notes 4, 5 and 8)	2,875,556	7	3,129,254	7
Non-current assets held for sale (Notes 4 and 9)	9,243	-	-	-
Other financial assets - current (Note 10)	14,830	-	14,830	-
Other current assets - other (Note 23)	162,210	-	133,638	-
Total current assets	7,847,541	18	8,649,017	19
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 3, 4 and 11)	554,198	1	-	-
Available-for-sale financial assets - noncurrent (Notes 4 and 12)	-	-	548,376	1
Financial assets measured at cost - noncurrent (Notes 4 and 13)	-	-	99,031	-
Investments accounted for using the equity method (Notes 4 and 14)	28,757,727	66	28,851,367	65
Property, plant and equipment (Notes 4 and 15)	6,034,560	14	5,909,844	14
Investment properties (Notes 4 and 16)	17,057	-	9,243	-
Intangible assets (Notes 4 and 17)	89,365	-	7,779	-
Deferred tax assets (Notes 4, 5 and 23)	260,998	1	263,517	1
Other noncurrent assets - other	22,180	-	51,956	-
Total noncurrent assets	35,736,085	82	35,741,113	81
TOTAL	$ 43,583,626	100	$ 44,390,130	100

LIABILITIES AND EQUITY	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	$ 1,974,614	5	$ 2,269,522	5
Notes payable (Note 4)	23,519	-	6,043	-
Accounts payable (Note 28)	1,519,338	3	1,342,961	3
Other payables - other	817,306	2	850,511	2
Current tax liabilities (Note 23)	74,713	-	88,045	1
Current portion of long-term borrowings (Note 18)	3,283,000	8	3,623,331	8
Other current liabilities - other (Note 21)	27,728	-	28,843	-
Total current liabilities	7,720,218	18	8,209,256	19
NONCURRENT LIABILITIES				
Long-term borrowings (Note 4 and 18)	11,021,142	25	11,559,000	26
Deferred tax liabilities (Notes 4 and 23)	2,826,460	7	2,964,831	7
Other noncurrent liabilities (Notes 5 and 19)	1,012,727	2	1,150,283	2
Total noncurrent liabilities	14,860,329	34	15,674,114	35
Total liabilities	22,580,547	52	23,883,370	54
EQUITY (Note 20)				
Ordinary shares	12,402,795	28	11,591,397	26
Capital surplus	356,046	1	359,900	1
Retained earnings				
Legal reserve	3,787,789	9	3,596,826	8
Special reserve	426,930	1	426,930	1
Unappropriated earnings	4,540,412	10	4,473,325	10
Total retained earnings	8,755,131	20	8,497,081	19
Other equity	(510,893)	(1)	58,382	-
Total equity	21,003,079	48	20,506,760	46
TOTAL	$ 43,583,626	100	$ 44,390,130	100

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

(With Deloitte & Touche auditors’ report dated March 27, 2019)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 21 and 28)	$ 16,113,899	100	$ 16,451,548	100
OPERATING COSTS (Notes 8, 19, 22 and 28)	13,817,004	86	13,665,669	83
GROSS PROFIT	2,296,895	14	2,785,879	17
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing expenses	745,922	5	827,663	5
General and administrative expenses	719,005	4	726,512	4
Research and development expenses	951,264	6	927,407	6
Expected credit loss	38,943	-	-	-
Total operating expenses	2,455,134	15	2,481,582	15
PROFIT/(LOSS) FROM OPERATIONS	(158,239)	(1)	304,297	2
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 22 and 28)	548,620	4	456,607	3
Other gains and losses (Note 22)	185,818	1	13,996	-
Net foreign exchange gains and losses	19,739	-	(54,283)	-
Finance costs (Notes 4 and 22)	(286,353)	(2)	(244,201)	(2)
Share of the profit of subsidiaries, associates and joint ventures	1,202,485	7	1,514,546	9
Total non-operating income and expenses	1,670,309	10	1,686,665	10
PROFIT BEFORE INCOME TAX	1,512,070	9	1,990,962	12
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 23)	38,445	1	(81,328)	-
NET PROFIT FOR THE YEAR	1,550,515	10	1,909,634	12
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(7,129)	-	(82,680)	-

(Continued)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018 Amount	2018 %	2017 Amount	2017 %
	For the Year Ended December 31			
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	$ (114,425)	(1)	$ -	-
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(372)	-	573	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(46,887)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	20,142	-	13,958	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(433,325)	(3)	(431,942)	(3)
Unrealized gains and losses on available-for-sale financial assets	-	-	(7,801)	-
Share of the other comprehensive income of associates and joint ventures	(16,276)	-	(4,214)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	18,881	-
Other comprehensive loss for the year, net of income tax	(598,272)	(4)	(493,225)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 952,243	6	$ 1,416,409	9
EARNINGS PER SHARE (Note 24)				
Basic	$ 1.25		$ 1.54	
Diluted	1.25		1.53	

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

(With Deloitte & Touche auditors' report dated March 27, 2019)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares	Capital Surplus: Additional Paid-in Capital	Capital Surplus: Transaction of Treasury Share	Capital Surplus: Share of Changes in Equities of Associates and Joint Ventures	Capital Surplus: Total Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other Equity: Exchange Differences on Translating Foreign Operations	Other Equity: Unrealized Gains and Losses on Available-for-sale Financial Assets	Other Equity: Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity: Total Other Equity	Total Equity
BALANCE AT JANUARY 1, 2017	$ 11,039,425	$ 309,017	$ 19,642	$ 31,241	$ 359,900	$ 3,334,188	$ 426,930	$ 5,106,905	$ 170,906	$ 254,166	$ -	$ 425,072	$ 20,692,420
Appropriation of 2016 earnings (Note 20)													
Legal reserve	-	-	-	-	-	262,638	-	(262,638)	-	-	-	-	-
Cash dividends - NT$1.5 per share	-	-	-	-	-	-	-	(1,655,914)	-	-	-	-	(1,655,914)
Share dividends - NT$0.5 per share	551,972	-	-	-	-	-	-	(551,972)	-	-	-	-	-
	551,972	-	-	-	-	262,638	-	(2,470,524)	-	-	-	-	(1,655,914)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	1,909,634	-	-	-	-	1,909,634
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	(68,149)	(436,156)	11,080	-	(425,076)	(493,225)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	1,841,485	(436,156)	11,080	-	(425,076)	1,416,409
Disposal of subsidiaries (Note 20)	-	-	-	-	-	-	-	-	58,386	-	-	58,386	58,386
Changes in ownership of subsidiaries (Note 14)	-	-	-	-	-	-	-	(4,541)	-	-	-	-	(4,541)
BALANCE AT DECEMBER 31, 2017	11,591,397	309,017	19,642	31,241	359,900	3,596,826	426,930	4,473,325	(206,864)	265,246	-	58,382	20,506,760
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	97,371	-	(265,246)	295,375	30,129	127,500
BALANCE AT JANUARY 1, 2018 AS RESTATED	11,591,397	309,017	19,642	31,241	359,900	3,596,826	426,930	4,570,696	(206,864)	-	295,375	88,511	20,634,260
Appropriation of 2017 earnings (Note 20)													
Legal reserve	-	-	-	-	-	190,963	-	(190,963)	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	-	-	(579,570)	-	-	-	-	(579,570)
Share dividends - NT$0.7 per share	811,398	-	-	-	-	-	-	(811,398)	-	-	-	-	-
	811,398	-	-	-	-	190,963	-	(1,581,931)	-	-	-	-	(579,570)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	1,550,515	-	-	-	-	1,550,515
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	6,918	(449,601)	-	(155,589)	(605,190)	(598,272)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	1,557,433	(449,601)	-	(155,589)	(605,190)	952,243
Disposal of investments accounted for using the equity method (Note 20)	-	-	-	(3,854)	(3,854)	-	-	-	-	-	-	-	(3,854)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	-	-	-	(5,786)	-	-	5,786	5,786	-
BALANCE AT DECEMBER 31, 2018	$ 12,402,795	$ 309,017	$ 19,642	$ 27,387	$ 356,046	$ 3,787,789	$ 426,930	$ 4,540,412	$ (656,465)	$ -	$ 145,572	$ (510,893)	$ 21,003,079

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

(With Deloitte & Touche auditors' report dated March 27, 2019)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,512,070	$ 1,990,962
Adjustments for:		
Depreciation expense	645,182	612,033
Amortization expense	3,489	3,221
Expected credit losses	38,943	-
Impairment loss recognized on accounts receivables	-	15,999
Finance costs	286,353	244,201
Interest income	(775)	(1,031)
Dividend income	(42,861)	(1,250)
Share of the profit of subsidiaries, associates and joint ventures	(1,202,485)	(1,514,546)
Loss (gain) on disposal of property, plant and equipment	(9,462)	5,919
Gain on disposal of investments	(195,696)	(52,338)
Impairment loss recognized on non-financial assets	45,571	33,832
Others	-	573
Changes in operating assets and liabilities		
Notes receivable	(2,419)	22,832
Notes receivable from related parties	192	254
Accounts receivable	302,192	(678,464)
Accounts receivable from related parties	(31,843)	189,255
Other receivables	(38,540)	12,127
Inventories	208,127	(421,537)
Other current assets	(13,505)	(10,555)
Notes payable	17,476	(10,947)
Accounts payable	176,377	(32,527)
Other payables	(6,575)	(128,351)
Other current liabilities	4,714	(2,299)
Other noncurrent liabilities	(152,506)	(38,483)
Cash generated from operations	1,544,019	238,880
Interest received	775	1,129
Dividends received	694,158	600,115
Interest paid	(291,513)	(244,503)
Income taxes paid	(104,667)	(121,875)
Net cash generated from operating activities	1,842,772	473,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,333	-
Proceeds from capital reduction of financial assets measured at cost	-	2,098
Acquisition of investments accounted for using the equity method	(368,876)	(1,245,753)
Proceeds from disposal of investments accounted for using the equity method	270,455	-

(Continued)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2018	2017
Proceeds from capital reduction of investments accounted for using the equity method	$ 540,034	$ -
Acquisition of property, plant and equipment	(871,506)	(836,484)
Proceeds from disposal of property, plant and equipment	(5,685)	4,761
Acquisition of intangible assets	(85,075)	(3,256)
Decrease in other financial assets - current	-	9,170
Decrease in other noncurrent assets	29,778	508
Net cash used in investing activities	(487,542)	(2,068,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(294,908)	905,578
Proceeds from long-term borrowings	13,836,765	9,365,239
Repayments of long-term borrowings	(14,713,919)	(7,264,667)
Increase in guarantee deposits received	2,086	8
Dividends paid	(579,570)	(1,655,914)
Net cash generated from (used in) financing activities	(1,749,546)	1,350,244
NET DECREASE IN CASH AND CASH EQUIVALENTS	(394,316)	(244,966)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	660,560	905,526
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 266,244	$ 660,560

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

(With Deloitte & Touche auditors' report dated March 27, 2019)

Attachment 5
INDEPENDENT AUDITORS’ REPORT

Eternal Materials Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Eternal Materials Co., Ltd. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 for the year ended December 31, 2018. 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.

Key audit matters of the Company and its subsidiaries’ consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Revenue Recognition

1. Description

   Due to pressure to meet management's projected targets and market expectations, there is a risk that reported operating revenue may be misstated. Therefore, revenue recognition is deemed as a key audit matter.

2. The audit procedures we performed in response to the above key audit matter are the following:

   a. We understood the internal controls on revenue recognition and tested their effectiveness; the internal controls cover customer master file, ordering, shipping, accounting and receiving.

   b. We obtained major customers' master file data and we verified the registered responsible person, business category, and business address, and so on, with public information, and we evaluated the reasonableness of credit limit relative to the company size.

   c. We evaluated the reasonableness of sales revenue, gross profit rate and transaction terms of major customers.

   d. We selected moderate sample size from sales revenue details, and we examined the payments received and goods delivery receipts, and we verified that the remitter matched the customer.

   e. We examined material subsequent events with respect to sales returns to verify that the sales transactions occurred before balance sheet date.

Other Matter

The financial statements of some associates which were used to account for investments by the equity method were audited by other auditors. Therefore, our opinion on the amounts and disclosures of such investments included in the accompanying financial statements were based on financial statements audited by other auditors. Such investments accounted for using the equity method amounted to NT$1,229,360 thousand and NT$1,245,009 thousand, representing 2% of the Company and its subsidiaries' total assets as of December 31, 2018 and 2017, respectively, and the share of the profit of associates amounted to NT$214,645 thousand and NT$248,308 thousand, representing 24% and 18% of the Company and its subsidiaries' total comprehensive income for the year ended December 31, 2018 and 2017, respectively.

We have also audited the standalone financial statements of the Company as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion with other matter paragraph.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC 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 Company and its subsidiaries' 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' 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 auditors' 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 the 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 Company and its subsidiaries' 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 and its subsidiaries' 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 Company and its subsidiaries 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company and its subsidiaries' 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 consolidated financial statements for the year ended December 31, 2018 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 Lee-Yuan Kuo and Chun-Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2019

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 6,085,433	11	$ 7,984,172	14
Notes receivable, net (Notes 4, 7 and 35)	3,149,642	6	2,755,332	5
Notes receivable from related parties, net (Notes 4, 7 and 34)	38,815	-	22,470	-
Accounts receivable, net (Notes 4, 7 and 35)	11,361,017	21	11,958,500	21
Accounts receivable from related parties, net (Notes 4, 7 and 34)	233,652	-	240,744	-
Other receivables (Note 34)	995,128	2	1,091,318	2
Inventories (Notes 4, 5 and 8)	7,917,850	15	7,802,547	14
Non-current assets held for sale (Notes 4 and 9)	9,243	-	-	-
Other financial assets - current (Note 10)	241,780	-	297,430	1
Other current assets - other (Notes 26 and 34)	634,011	1	997,421	2
Total current assets	30,666,571	56	33,149,934	59
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 3, 4 and 11)	7,341	-	-	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 3, 4 and 12)	716,037	1	-	-
Available-for-sale financial assets - noncurrent (Notes 3, 4 and 13)	-	-	548,376	1
Financial assets measured at cost - noncurrent (Notes 3, 4 and 14)	-	-	234,954	-
Investments accounted for using the equity method (Notes 4 and 16)	2,096,831	4	2,007,191	3
Property, plant and equipment (Notes 4, 17, 34 and 35)	18,792,384	35	18,466,249	33
Investment properties (Notes 4 and 18)	52,744	-	9,243	-
Intangible assets (Notes 4 and 19)	385,279	1	318,014	1
Deferred tax assets (Notes 4, 5 and 26)	411,601	1	401,664	1
Other noncurrent assets - other (Note 20)	1,231,491	2	1,329,880	2
Total noncurrent assets	23,693,708	44	23,315,571	41
TOTAL	$ 54,360,279	100	$ 56,465,505	100

LIABILITIES AND EQUITY	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 21 and 35)	$ 5,145,654	10	$ 6,104,636	11
Notes payable	116,847	-	40,567	-
Accounts payable (Note 34)	3,132,664	6	3,540,542	6
Other payables - other	2,122,776	4	2,016,929	4
Current tax liabilities (Note 26)	211,607	-	227,988	-
Current portion of long-term borrowings (Notes 21 and 35)	3,676,052	7	6,139,486	11
Other current liabilities - other (Note 24)	77,201	-	54,795	-
Total current liabilities	14,482,801	27	18,124,943	32
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 4, 21 and 35)	14,165,861	26	12,988,248	23
Deferred tax liabilities (Notes 4 and 26)	2,826,482	5	2,965,200	5
Other noncurrent liabilities (Notes 5 and 22)	1,259,966	2	1,319,003	3
Total noncurrent liabilities	18,252,309	33	17,272,451	31
Total liabilities	32,735,110	60	35,397,394	63
EQUITY ATTRIBUTABALE TO OWNERS OF THE COMPANY (Note 23)				
Ordinary shares	12,402,795	23	11,591,397	20
Capital surplus	356,046	1	359,900	1
Retained earnings				
Legal reserve	3,787,789	7	3,596,826	6
Special reserve	426,930	1	426,930	1
Unappropriated earnings	4,540,412	8	4,473,325	8
Total retained earnings	8,755,131	16	8,497,081	15
Other equity	(510,893)	(1)	58,382	-
Total equity attributable to owners of the Company	21,003,079	39	20,506,760	36
NON-CONTROLLING INTERESTS (Note 23)	622,090	1	561,351	1
Total equity	21,625,169	40	21,068,111	37
TOTAL	$ 54,360,279	100	$ 56,465,505	100

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

(With Deloitte & Touche auditors' report dated March 27, 2019)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 34)	$ 43,300,155	100	$ 41,551,117	100
OPERATING COSTS (Notes 8, 25 and 34)	36,020,316	83	34,112,841	82
GROSS PROFIT	7,279,839	17	7,438,276	18
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing expenses	2,155,446	5	2,296,882	6
General and administrative expenses	1,940,713	5	1,967,188	5
Research and development expenses	1,292,744	3	1,312,655	3
Expected credit loss	77,931	-	-	-
Total operating expenses	5,466,834	13	5,576,725	14
PROFIT FROM OPERATIONS	1,813,005	4	1,861,551	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 25 and 34)	355,657	1	330,869	1
Other gains and losses (Note 25)	51,402	-	333,020	1
Net foreign exchange gains and losses (Note 38)	26,947	-	(31,210)	-
Finance costs (Note 25)	(577,007)	(1)	(494,018)	(1)
Share of the profit of associates and joint ventures (Note 16)	193,967	-	270,397	-
Total non-operating income and expenses	50,966	-	409,058	1
PROFIT BEFORE INCOME TAX	1,863,971	4	2,270,609	5
INCOME TAX EXPENSE (Notes 4 and 26)	(371,648)	(1)	(406,509)	(1)
NET PROFIT FOR THE YEAR	1,492,323	3	1,864,100	4
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(8,195)	-	(81,596)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(161,312)	-	-	-

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
Remeasurement of defined benefit plans of associates and joint ventures accounted for using the equity method	$ 188	-	$ -	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	20,508	-	13,590	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(434,930)	(1)	(433,051)	(1)
Unrealized gains and losses on available-for-sale financial assets	-	-	(7,801)	-
Share of the other comprehensive income of associates and joint ventures	(16,276)	-	(4,214)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	18,881	-
Other comprehensive loss for the year, net of income tax	(600,017)	(1)	(494,191)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 892,306	2	$ 1,369,909	3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,550,515		$ 1,909,634	
Non-controlling interests	(58,192)		(45,534)	
	$ 1,492,323		$ 1,864,100	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 952,243		$ 1,416,409	
Non-controlling interests	(59,937)		(46,500)	
	$ 892,306		$ 1,369,909	
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.25		$ 1.54	
Diluted	1.25		1.53	

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

(With Deloitte & Touche auditors' report dated March 27, 2019)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company														
		Capital Surplus				Retained Earnings			Other Equity						
	Ordinary Shares	Additional Paid-in Capital	Transaction of Treasury Share	Share of Changes in Equities of Associates and Joint Ventures	Total Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Available-for-sale Financial Assets	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 11,039,425	$ 309,017	$ 19,642	$ 31,241	$ 359,900	$ 3,334,188	$ 426,930	$ 5,106,905	$ 170,906	$ 254,166	$ -	$ 425,072	$ 20,692,420	$ 546,809	$ 21,239,229
Appropriation of 2016 earnings (Note 23)															
Legal reserve	-	-	-	-	-	262,638	-	(262,638)	-	-	-	-	-	-	-
Cash dividends - NT$1.5 per share	-	-	-	-	-	-	-	(1,655,914)	-	-	-	-	(1,655,914)	-	(1,655,914)
Share dividends - NT$0.5 per share	551,972	-	-	-	-	-	-	(551,972)	-	-	-	-	-	-	-
	551,972	-	-	-	-	262,638	-	(2,470,524)	-	-	-	-	(1,655,914)	-	(1,655,914)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	1,909,634	-	-	-	-	1,909,634	(45,534)	1,864,100
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	(68,149)	(436,156)	11,080	-	(425,076)	(493,225)	(966)	(494,191)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	1,841,485	(436,156)	11,080	-	(425,076)	1,416,409	(46,500)	1,369,909
Disposal of subsidiaries	-	-	-	-	-	-	-	-	58,386	-	-	58,386	58,386	-	58,386
Changes in ownership of subsidiaries (Note 30)	-	-	-	-	-	-	-	(4,541)	-	-	-	-	(4,541)	4,541	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	56,501	56,501
BALANCE AT DECEMBER 31, 2017	11,591,397	309,017	19,642	31,241	359,900	3,596,826	426,930	4,473,325	(206,864)	265,246	-	58,382	20,506,760	561,351	21,068,111
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	-	-	97,371	-	(265,246)	295,375	30,129	127,500	-	127,500
BALANCE AT JANUARY 1, 2018 AS RESTATED	11,591,397	309,017	19,642	31,241	359,900	3,596,826	426,930	4,570,696	(206,864)	-	295,375	88,511	20,634,260	561,351	21,195,611
Appropriation of 2017 earnings (Note 23)															
Legal reserve	-	-	-	-	-	190,963	-	(190,963)	-	-	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	-	-	(579,570)	-	-	-	-	(579,570)	-	(579,570)
Share dividends - NT$0.7 per share	811,398	-	-	-	-	-	-	(811,398)	-	-	-	-	-	-	-
	811,398	-	-	-	-	190,963	-	(1,581,931)	-	-	-	-	(579,570)	-	(579,570)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	1,550,515	-	-	-	-	1,550,515	(58,192)	1,492,323
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	6,918	(449,601)	-	(155,589)	(605,190)	(598,272)	(1,745)	(600,017)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	1,557,433	(449,601)	-	(155,589)	(605,190)	952,243	(59,937)	892,306
Disposal of investments accounted for using the equity method (Note 23)	-	-	-	(3,854)	(3,854)	-	-	-	-	-	-	-	(3,854)	-	(3,854)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	120,676	120,676
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	-	-	-	(5,786)	-	-	5,786	5,786	-	-	-
BALANCE AT DECEMBER 31, 2018	$ 12,402,795	$ 309,017	$ 19,642	$ 27,387	$ 356,046	$ 3,787,789	$ 426,930	$ 4,540,412	$ (656,465)	$ -	$ 145,572	$ (510,893)	$ 21,003,079	$ 622,090	$ 21,625,169

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

(With Deloitte & Touche auditors’ report dated March 27, 2019)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,863,971	$ 2,270,609
Adjustments for:		
Depreciation expense	1,827,300	1,766,614
Amortization expense	39,039	47,388
Expected credit losses	77,931	-
Impairment loss recognized on accounts receivables	-	66,494
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,663)	-
Finance costs	577,007	494,018
Interest income	(112,028)	(86,259)
Dividend income	(49,519)	(3,475)
Share of the profit of associates and joint ventures	(193,967)	(270,397)
Loss on disposal of property, plant and equipment	9,422	23,569
Gain on disposal of investments	(167,537)	(515,624)
Impairment loss recognized on non-financial assets	81,540	105,228
Rental expense on land use rights	26,092	26,375
Others	-	573
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	732	-
Notes receivable	(394,310)	(466,238)
Notes receivable from related parties	(16,345)	(13,449)
Accounts receivable	361,105	(1,728,650)
Accounts receivable from related parties	924	51,329
Other receivables	88,797	(16,638)
Inventories	(196,843)	(1,106,215)
Other current assets	339,991	(143,778)
Derivative financial liabilities for hedging	-	639
Notes payable	75,835	(21,752)
Accounts payable	(396,841)	118,033
Other payables	(28,274)	(181,192)
Other current liabilities	28,297	(85,006)
Other noncurrent liabilities	(111,826)	(45,249)
Cash generated from operations	3,728,830	286,947
Interest received	114,595	101,306
Dividends received	189,142	135,438
Interest paid	(649,528)	(551,784)
Income taxes paid	(499,789)	(439,490)
Net cash generated from / (used in) operating activities	2,883,250	(467,583)

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2018	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$ 3,333	$ -
Purchase of financial assets measured at cost	-	(35,121)
Proceeds from disposal of financial assets measured at cost	-	407
Proceeds from capital reduction of financial assets measured at cost	-	2,098
Acquisition of investments accounted for using the equity method	(101,815)	(44,602)
Proceeds from disposal of investments accounted for using the equity method	270,455	-
Acquisition of subsidiaries	-	(278,278)
Disposal of subsidiaries	-	623,415
Acquisition of property, plant and equipment	(2,478,829)	(3,002,934)
Proceeds from disposal of property, plant and equipment	24,662	31,477
Decrease (increase) in other receivables from related parties	86,763	(351,505)
Acquisition of intangible assets	(101,511)	(6,921)
Decrease in other financial assets - current	55,650	373,687
Decrease (increase) in other noncurrent assets	50,415	(33,042)
Net cash used in investing activities	(2,190,877)	(2,721,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(872,539)	2,872,924
Proceeds from long-term borrowings	19,616,629	14,623,061
Repayments of long-term borrowings	(20,954,094)	(12,483,119)
Increase (decrease) in other payables	211,779	(109,846)
Increase in guarantee deposits received	9,407	888
Decrease in finance lease payables	(3,817)	-
Dividends paid	(579,570)	(1,655,914)
Increase in non-controlling interests	120,676	30,092
Net cash generated from (used in) financing activities	(2,451,529)	3,278,086
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(139,583)	(371,874)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,898,739)	(282,690)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,984,172	8,227,218
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 6,085,433	$ 7,944,528

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2018 and 2017:

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	December 31	
	2018	**2017**
Cash and cash equivalents in the consolidated balance sheets	$ 6,085,433	$ 7,984,172
Cash and cash equivalents included in noncurrent assets held for sale, beginning of the year	-	(39,644)
Cash and cash equivalents in the consolidated statements of cash flows	$ 6,085,433	$ 7,944,528

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

(With Deloitte & Touche auditors' report dated March 27, 2019)

Attachment 6

Eternal Materials Co., Ltd.

2018 Earnings Distribution Table

Unit: NT$

Item	Amount	
I. 1. Distributable amount		
Undistributed earnings, beginning of period		2,891,393,537
Effect of retrospective application and retrospective restatement		97,371,662
Undistributed earnings after adjustment, beginning of period		2,988,765,199
Retained earnings for defined benefit plans		7,196,096
Adjusted retained earnings for investments accounted for using the equity method		(6,064,460)
Undistributed earnings after adjustment.		2,989,896,835
Net profit after tax		1,550,514,547
10% appropriated as legal reserve		(155,051,455)
Special reserve		(83,963,218)
Distributable retained earnings		4,301,396,709
II. Distributable item		
Cash dividends for shareholders, at NT$0.9/share		(1,116,251,510)
III. Undistributed earnings, end of period		3,185,145,199

1. Dividends for shareholders to be distributed should be appropriated from the earnings in 2018 first.
2. According to the Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 on April 6, 2012, the Company chose to adopt the exemptions in IFRS 1, so special reserve of NT$426,930,232 was appropriated for retained earnings transferred from unrealized incremental value from revaluation. The special reserve was not reversed in 2018.
3. According to the Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 on April 6, 2012, the Company should appropriate special reserve of NT$510,893,450 for net other equity deductions due to the exchange difference on translation of assets and liabilities of foreign operations and the revaluation of fair value of financial investments. As the Company had appropriated special reserve of NT$426,930,232, the difference of NT$83,963,218 was appropriated additionally.

Chairman: Kao, Kuo-Lun President: Hsieh, Chin-Kun Chief Accountant: Su, Hui-Fang

Attachment 7

Eternal Materials Co., Ltd.

Comparison Table for the Amendments to the Articles of Incorporation

After the Amendments	Before the Amendments	Reasons for the Amendments
Article 2: The scope of business is as follows: 1. C801040 Synthetic resin manufacturing 2. CC01080 Electronic parts and components manufacturing 3. C802030 Paints and varnishes manufacturing 4. C802120 Industrial catalyst manufacturing 5. C801050 Raw plastic material manufacturing 6. C805990 Other plastic products manufacturing 7. C801990 Other chemical materials manufacturing 8. C801020 Petrochemical manufacturing 9. C801010 Basic industrial chemical manufacturing 10. CF01011 Medical materials and equipment manufacturing 11. F108031 Wholesale of drugs and medical goods 12. F208031 Retail sale of medical equipment 13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval	Article 2: The scope of business is as follows: 1. C801040 Synthetic resin manufacturing 2. CC01080 Electronic parts and components manufacturing 3. C802030 Paints and varnishes manufacturing 4. C802120 Industrial catalyst manufacturing 5. C801050 Raw plastic material manufacturing 6. C805990 Other plastic products manufacturing (pressure-sensitive tape for integrated circuit process) 7. C801990 Other chemical materials manufacturing (photoresist, photoelectric chemical material, structural material, and chemical mechanical polishing) 8. C801020 Petrochemical manufacturing 9. C801010 Basic industrial chemical manufacturing 10. Manufacturing, processing and sale of photoresist 11. Manufacturing, processing and sale of electronic chemicals 12. Manufacturing, processing and sale of polyol 13. Manufacturing, processing and sale of methacrylate and acrylate 14. All business items that are not prohibited or restricted by law,	1. The promulgated business codes should be applied since 2005, so the additional descriptions in the brackets of former Items 6~7 are deleted. 2. Former Items 10~13 are not promulgated business codes and therefore deleted. 3. Former Item 14 is moved to Item 13 with the business code added. 4. Items 10~14 are added based on business needs.

	except those that are subject to special approval	
Article 18: The Company shall set aside the following in order before distributing earnings, if any: ①Income taxes. ②deficits. ③10% as legal reserve; where such legal reserve amounts to the total paid-in capital, this provision shall not apply. ④Special reserve according to the resolution of the shareholders' meeting or the order of the competent authority. ⑤The distributable earnings shall consist of the balance of earnings plus the undistributed earnings. The Board of Directors shall propose the earnings distribution in the shareholders' meeting for a resolution. Committed to the sustainable development and sustainable growth, the Company expects to have major expansion plans. Dividends to be distributed to shareholders shall not be less than 30% of the balance of earnings in a year. Cash dividends shall not be less than 10% of total distributable dividends for a year.	Article 18: The Company shall set aside the following in order before distributing earnings, if any: ①Income taxes. ②deficits. ③10% as legal reserve; where such legal reserve amounts to the total capital, this provision shall not apply. ④Special reserve according to the resolution of the shareholders' meeting or the order of the competent authority. ⑤The distributable earnings shall consist of the balance of earnings plus the undistributed earnings. The Board of Directors shall propose the earnings distribution in the shareholders' meeting for a resolution. Committed to the sustainable development and sustainable growth, the Company expects to have major expansion plans. Dividends to be distributed to shareholders shall not be less than 30% of the balance of earnings in a year. Cash dividends shall not be less than 10% of total distributable dividends for a year.	Wordings are modified in accordance with the amendments to the Company Act.
Article 20: The Articles of Incorporation were established on November 17, 1964. ...(Omitted)... The 53rd amendment was made on June 15, 2017. The 54th amendment was made on June 26, 2019.	Article 20: The Articles of Incorporation were established on November 17, 1964. ...(Omitted)... The 53rd amendment was made on June 15, 2017.	The date of the 54th amendment was added.

Attachment 8

Eternal Materials Co., Ltd.

Comparison Table for the Amendments to the Procedures for the Acquisition or Disposal of Assets

After the Amendments	Before the Amendments	Reasons for the Amendments
Article 3: Scope: I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. II. Real property (including land, houses and buildings, and investment property) and equipment. III. Memberships. IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets. V. Right-of-use assets. VI. Claims of financial institutions (including accounts receivable, bills purchased and discounted, loans, and overdue receivables). VII. Derivatives. VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. IX. Other major assets.	Article 3: Scope: I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. II. Real property (including land, houses and buildings, investment property, right-of-use assets, and construction enterprise inventory) and equipment. III. Memberships. IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets. V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). VI. Derivatives. VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. VIII. Other major assets.	1. According to IFRS 16 Leases, Subparagraph 5 is added to include right-of-use assets in the scope of assets, and right-of-use assets specified in former Subparagraph 2 are moved to Subparagraph 5. 2. Construction enterprise inventory is not applicable and therefore deleted. 3. Former Subparagraphs 5~8 are moved to Subparagraphs 6~9.
Article 4: Definition: I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price,	Article 4: Definition: I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index, or other benefit and hybrid	1. According to IFRS 9 Financial Instruments, the scope of derivatives in Subparagraph 1 is amended .

foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (Omitted)	contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (Omitted)	
Article 5: The amount of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for non-business use is set as follows: I. The total amount of real property and right-of-use assets thereof acquired by the Company for non-business use shall be less than 50% of the Company's net value. The total amount of real property and right-of-use assets thereof acquired by each subsidiary for non-business use shall be less than 30% of the subsidiary's net value; however, the total amount of real property and right-of-use assets thereof acquired by a subsidiary in Japan or China for non-business use shall be less than 30% of the Company's net value. (Omitted)	Article 5: The amount of real property and securities acquired by the Company and each subsidiary for non-business use is set as follows: I. The total amount of real property acquired by the Company for non-business use shall be less than 50% of the Company's net value. The total amount of real property acquired by each subsidiary for non-business use shall be less than 30% of the subsidiary's net value; however, the total amount of real property acquired by a subsidiary in Japan or China for non-business use shall be less than 30% of the Company's net value. (Omitted)	1. According to IFRS 16 Leases, right-of-use assets are included in this article.
Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's	Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's	1. Subparagraphs 1~3, Paragraph 1 are added to specify negative requirements for external experts. 2. Paragraph 2 is

opinions shall meet the following requirements: I. Shall not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. II. Shall not be a related party or de facto related party of any party to the transaction. III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and	opinions shall not be a related party of any party to the transaction.	added to define the responsibilities of external experts and specify the contents of appraisal, audit, and statement in an appraisal report or opinion.

accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.		
Article 8: Procedures for acquiring or disposing of real property, equipment or right-of-use assets thereof are as follows: I. Terms of transaction and degree of authority delegated: When acquiring or disposing of real property, the department in charge shall refer to the real property's publicly announced current value, appraised value, and actual transaction prices of nearby real property and determine on the terms of transaction and transaction prices and submit an analysis report to the Chairman. When acquiring or disposing of equipment or right-of-use assets thereof, the department in charge shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein.	Article 8: Procedures for acquiring or disposing of real property or equipment are as follows: I. Terms of transaction and degree of authority delegated: When acquiring or disposing of real property, the department in charge shall refer to the real property's publicly announced current value, appraised value, and actual transaction prices of nearby real property and determine on the terms of transaction and transaction prices and submit an analysis report to the Chairman. When acquiring or disposing of equipment, the department in charge shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein.	1. According to the law, a government agency set forth in Paragraph 1 shall be limited to a domestic government agency. 2. According to IFRS 16 Leases, right-of-use assets are included in this article. 3. The wording of Item 1, Subparagraph 2, Paragraph 1 is amended.

II. Appraisal procedures: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change in the terms of the transaction. (Omitted)	II. Appraisal procedures: In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the above procedure shall also be followed whenever there is any change in the terms of the transaction in the future. (Omitted)	
Article 10 Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships are as follows: I. Terms of transaction and degree of authority delegated: When acquiring or disposing of intangible assets or right-of-use assets thereof or memberships, the department in charge shall refer to the appraisal report or fair market price and determine	Article 10 Procedures for acquiring or disposing of memberships or intangible assets are as follows: I. Terms of transaction and degree of authority delegated: When acquiring or disposing of memberships or intangible assets, the department in charge shall refer to the appraisal report or fair market price and determine on the terms of transaction and transaction prices and submit an	1. According to IFRS 16 Leases, right-of-use assets are included in this article. 2. According to the law, a government agency set forth in Item 3, Subparagraph 2, Paragraph 1 shall be limited to a

on the terms of transaction and transaction prices and submit an analysis report to the Chairman. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein. II. Appraisal procedures: (I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained. (II) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof and the transaction amount reaches 10% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained. (III) Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	analysis report to the Chairman. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein. II. Appraisal procedures: (I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained. (II) Where the Company acquires or disposes of intangible assets and the transaction amount reaches 10% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained. (III) Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	domestic government agency.

Article 11: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% of the Company's total assets or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Articles 5~10 and the following provisions. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. I. Appraisal and operating procedures: When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital or more, 10% of the Company's total assets or more, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein. The Company shall not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors.	Article 11: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% of the Company's total assets or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Articles 5~10 and the following provisions. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. I. Appraisal and operating procedures: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital or more, 10% of the Company's total assets or more, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein. The Company shall not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors. When the Company and a subsidiary conducts the acquisition or disposal of	1. According to IFRS 16 Leases, right-of-use assets and real property right-of-use assets acquired from a lease with a related party are included in this article; the wording of Item (4), Subparagraph 2, Paragraph 1 is modified, and A.(c) is deleted and merged with A.(b). 2. According to the law, government bonds set forth in Subparagraph 1, Paragraph 1 are limited to domestic government bonds. 3. According to the law, A.(c) in Item (4), Subparagraph 2, Paragraph 1 is merged with A.(b), and Item (6).D is added.

When the Company and a subsidiary conducts the acquisition or disposal of equipment or right-of-use assets thereof held for business use or the acquisition or disposal of real property right-of-use assets held for business use, the Chairman may be delegated to decide when the transaction is within a certain amount set forth in the Company's authorization regulations and have the decision subsequently submitted to and ratified by the next Board of Directors meeting: (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as a transaction counterparty. (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information on appraisal of the reasonableness of the preliminary transaction terms in accordance with Items 1~4, Subparagraph 2. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. (VII) Restrictive covenants and	equipment for business use, the Board of Directors may delegate the Chairman to decide within a certain amount and have the decision subsequently submitted to and ratified by the next Board of Directors meeting: (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (II) The reason for choosing the related party as a transaction counterparty. (III) With respect to the acquisition of real property from a related party, information on appraisal of the reasonableness of the preliminary transaction terms in accordance with Items 1~4, Subparagraph 2. (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party. (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. (VII) Restrictive covenants and	

other important stipulations associated with the transaction. Transaction amounts that have been resolved by the Audit Committee and approved by the Board of Directors need not be counted toward the transaction amount. For the calculation of 10% of total assets, the total assets stated in the most recent parent company only financial statements or standalone financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. II. Evaluation of the reasonableness of transaction costs: (I) The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where	other important stipulations associated with the transaction. Transaction amounts that have been resolved by the Audit Committee and approved by the Board of Directors need not be counted toward the transaction amount. For the calculation of 10% of total assets, the total assets stated in the most recent parent company only financial statements or standalone financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. II. Evaluation of the reasonableness of transaction costs: (I) The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where	

the financial institution is a related party of one of the transaction counterparties. (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Item (1). (III) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Items (1)~(2) shall also engage a CPA to check the appraisal and render a specific opinion. (4) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Items (1)~(2) are uniformly lower than the transaction price, the matter shall be handled in compliance with Item (5). However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus	the financial institution is a related party of one of the transaction counterparties. (II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Item (1). (III) The Company that acquires real property from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Items (1)~(2) shall also engage a CPA to check the appraisal and render a specific opinion. (IV) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Items (1)~(2) are uniformly lower than the transaction price, the matter shall be handled in compliance with Item (5). However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related	

reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices. 2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. "Completed transactions involving neighboring or closely valued parcels of land" in principle refer to parcels on the same or an adjacent block and within a	party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Closed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices. (3) Lease transactions by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices. 2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of closed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. "Closed transactions involving neighboring or closely valued parcels of land" in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly	

distance of no more than 500 meters or parcels close in publicly announced current value; "transactions involving similarly sized parcels" in principle refer to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof. (V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Items (1)~(4) are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use asset thereof transaction price and the appraised cost, and shall not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company. 2. Independent directors on the Audit Committee shall supervise the related party transactions, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect, transcribe or make	announced current value; "transactions involving similarly sized parcels" in principle refer to transactions closed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property. (V) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Items (1)~(4) are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and shall not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company. 2. Independent directors on the Audit Committee shall supervise the related party transactions, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect the accounting	

copies of the accounting books and documents, and request the Board of Directors or managerial personnel to make reports thereon. 3. Actions taken pursuant to the Sub-items A~B shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve according to the regulations shall not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the authority in charge of securities has given its consent. (VI) When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 1, and Items (1)~(3) do not apply: 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the	books and documents, and request the Board of Directors or managerial personnel to make reports thereon. 3. Actions taken pursuant to the Sub-items A~B shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve according to the regulations shall not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the authority in charge of securities has given its consent. (VI) When the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 1, and Items (1)~(3) do not apply: 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to	

Company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries. (VII) When the Company acquires real property or right-of-use assets thereof from a related party, it shall also comply with Item (5) if there is other evidence indicating that the acquisition is not an arms length transaction.	build real property, either on the Company's own land or on rented land. (VII) When the Company acquires real property from a related party, it shall also comply with Item (5) if there is other evidence indicating that the acquisition is not an arms length transaction.	
Article 12: The calculation of the transaction amounts referred to in the preceding 4 articles shall be done in accordance with Subparagraph 7, Paragraph 1, Article 16. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Article 12: The calculation of the transaction amounts referred to in the preceding 4 articles shall be done in accordance with Subparagraph 5, Paragraph 1, Article 16. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Paragraph 1 is amended to modify the applicable subparagraph number.
Article 14: Procedures for acquiring or disposing of derivatives are as follows: …(Omitted)… XII. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation	Article 14: Procedures for acquiring or disposing of derivatives are as follows: …(Omitted)… XII. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly review of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an review report. If any material violation	According to the law, the term "review" is replaced by "audit".

is discovered, independent directors on the Audit Committee shall be notified in writing.	is discovered, independent directors on the Audit Committee shall be notified in writing.	
Article 15: Procedures for mergers, demergers, acquisitions, or transfer of shares are as follows: …(Omitted)… II. Other instructions: …(Omitted)… (VII) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:	Article 15: Procedures for mergers, demergers, acquisitions, or transfer of shares are as follows: …(Omitted)… II. Other instructions: …(Omitted)… (VII) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information, and must retain it for 5 years for reference:	The unnecessary word is deleted.
Article 16: Standards for information required to be publicly announced and reported on acquisitions and disposal of assets are as follows: I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital or more, 10% of the company's total assets or more, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. II. Merger, demerger, acquisition, or transfer of shares. III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures. IV. Where equipment or right-of-use	Article 16: Standards for information required to be publicly announced and reported on acquisitions and disposal of assets are as follows: I. 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% of the Company's paid-in capital or more, 10% of the company's total assets or more, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. II. Merger, demerger, acquisition, or transfer of shares. III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures. IV. Where the type of assets acquired or disposed of is equipment for	According to the law, Subparagraph 6, Paragraph 1 is applied to non-related party transactions, different from Subparagraph 1.

assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$1 billion or more. V. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million. VI. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% of the Company's paid-in capital or NT$300 million or more; provided, this shall not apply to the following circumstances: (I) Trading of domestic government bonds. (II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. VII. The amount of transactions above shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount. (I) The amount of any individual	business use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$1 billion or more. V. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million. VI. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% of the Company's paid-in capital or NT$300 million or more; provided, this shall not apply to the following circumstances: (I) Trading of government bonds. (II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. VII. The amount of transactions above shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount. (I) The amount of any individual	

transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. Where the Company conducts the acquisition or disposal of assets required to be publicly announced and whose transaction amount reaches the standard to be publicly announced, a public report of relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event. A public report of relevant information shall be made in accordance with the following regulations: I. A public report of relevant information shall be made on the website designated by the authority in charge of securities. II. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and report the information in the prescribed format by the 10th day of each month.	transaction. (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. Where the Company conducts the acquisition or disposal of assets required to be publicly announced and whose transaction amount reaches the standard to be publicly announced, a public report of relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event. A public report of relevant information shall be made in accordance with the following regulations: I. A public report of relevant information shall be made on the website designated by the authority in charge of securities. II. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and report the information in the prescribed format by the 10th day of each month. III. When the Company at the time of	

III. When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such an error or omission. IV. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise. V. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the regulations, a public report of relevant information shall be made on the information reporting website designated by the authority in charge of securities within 2 days counting inclusively from the date of occurrence of the event: (I) Change, termination, or rescission of a contract signed in regard to the original transaction. (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (III) Change in the originally publicly announced and reported information.	public announcement makes an error or omission in an item required by the regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such an error or omission. IV. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise. V. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the regulations, a public report of relevant information shall be made on the information reporting website designated by the authority in charge of securities within 2 days counting inclusively from the date of occurrence of the event: (I) Change, termination, or rescission of a contract signed in regard to the original transaction. (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (III) Change in the originally publicly announced and reported information.	

Attachment 9

List of Candidates for the 18th Directors of the Board

Position	Name of Nominee	Background	Work Experience	Current Position	Number of Shares Held
Director of the Board	Kao, Kuo-Lun	MBA, University of Southern California	- Chairman & Co-Chief Executive Officer of the Company	-Chairman & Co-Chief Executive Officer of the Company	50,138,856
Director of the Board	Yang, Huai-Kung	Bachelor of Accounting, Soochow University	-Vice President of the Company	-Director of the Board of the Company	16,175,900
Director of the Board	Huang, Wu-Tung	Bachelor of Chemical Engineering, National Cheng Kung University	-Vice President of the Company	-Director of the Board of the Company	3,921,010
Director of the Board	Kao, Ying-Chih	Bachelor of Physics, Chung Yuan Christian University	-Chairman of Orchard Corporation of Taiwan	-Director of the Board of the Company	19,851,560
Director of the Board	Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Ping	MBA, Tamkang University	-Chief Executive Officer of Kwang Yang Motor Co., Ltd.	-Chief Executive Officer of Kwang Yang Motor Co., Ltd. -Director of the Board of New E Materials Co., Ltd. -Director of the Board of the Company	123,002,116
Director of the Board	Hsieh, Chin-Kun	MBA, National Sun Yat-sen University	-President & Chief Operating Officer & Co-Chief Executive Officer of the Company	-President & Chief Operating Officer & Co-Chief Executive Officer of the Company -Director of the Board of the Company	722,595
Director of the Board	Shiao, Tzu-Fei	MBA, National Chengchi University	-Vice Chairman & Chief Strategy Officer of the Company	-Director of the Board & Chief Strategy Officer of the Company	558,416
Director of the Board	Yen, Shu-Fen	Bachelor of Business Administration, National Cheng Kung University	-Vice President & Chief Administration Officer & Finance & Accounting Director of the Company	-Consultant of the Company	299,235
Independent Director of the Board	Hung, Lee-Jung	Bachelor of Accounting, National Cheng Kung University	-Partner of PwC Taiwan -Independent Director of the Board of the Company -Member on the Remuneration Committee of the Company -Member on the Audit Committee of the	-Independent Director of the Board of the Company -Member on the Remuneration Committee of the Company -Member on the Audit Committee of the Company	0

			Company	-Independent Director of the Board of Advanced International Multitech Co., Ltd. and Launch Technologies Co., Ltd.	
Independent Director of the Board	Hsu, Jui-Yuan	Doctor of Law, Fu Jen Catholic University	-Lawyer of Formosa Transnational Attorneys at Law -Lecturer of Chung Yuan Christian University, Tamkang University, and Shih Hsin University -Independent Director of the Board of the Company -Member on the Remuneration Committee of the Company -Member on the Audit Committee of the Company	-Independent Director of the Board of the Company -Member on the Remuneration Committee of the Company -Member on the Audit Committee of the Company -Assistant Professor of Chung Yuan Christian University, Tamkang University, and Hsuan Chuang University	0
Independent Director of the Board	Lo, Li-Chun	Doctor of Management, Hong Kong Polytechnic University	-Visiting Assistant Professor of Nanyang Business School, Nanyang Technological University -Chief Executive Officer of Protrend Global Financial Information Co., Ltd. -Chief Executive Officer of Protrend Management Consulting Co., Ltd. -Vice Chairman of Paradigm Asset Management Co., Ltd. -Head of Investment Department, Standard Chartered Bank Taiwan -Corporate Manager of Business Department, Allianz Global Investors Taiwan Ltd. -Deputy Manager of Capital Investment. Management Corporation	-Chief Executive Officer of Protrend Global Financial Information Co., Ltd. -Chief Executive Officer of Protrend Management Consulting Co., Ltd.	0

Appendix 1

Eternal Materials Co., Ltd.
Rules of Procedure for Shareholders' Meetings

Formulated on April 21, 1991
Amended on June 11, 2014

I. The rules of procedure for the Company's shareholders' meetings, except as otherwise provided by the laws, regulations or Articles of Incorporation, shall be as provided in these Rules.

I. i

A shareholder holding 1% of the total number of issued shares or more may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words (including characters and punctuation), and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder submitting the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders submitting proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder-submitted proposals not included in the meeting agenda.

II. Shareholders or their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance cards, sign-in cards, or other certificates of attendance handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

III. Attendance at shareholders' meetings shall be calculated based on the number of shares.

IV. The venue for a shareholders' meeting shall be the premises or plants of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences.

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

V. A shareholders' meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors of the Board to act as chair. Where the chairperson does not make such a designation, the directors of the Board shall select from among themselves one person to serve as chair.

VI. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

The staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

VII. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of a shareholders' meeting. The recorded materials shall be retained for at least 1 year.

VIII. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made.

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

IX. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.
The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
The chair shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.
After the meeting is adjourned, the shareholders shall not appoint another chair and continue the meeting either at the same or a different venue.

X. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

XI. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

XII. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

XIV. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes or list of the elect and number of votes, shall be announced on-site at the meeting, and a record made of the vote.

XVI. When a meeting is in progress, the chair may announce a break based on time considerations.

XVII. Except as otherwise provided in the Company Act and Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

XVIII. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting;

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

XIX. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

XX. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix 2

Articles of Incorporation of Eternal Materials Co., Ltd.

Chapter I General Provisions

Article 1: The Company, organized under the Company Act, shall be named **Eternal Materials Co., Ltd.**

Article 2: The scope of business is as follows:

1. C801040 Synthetic resin manufacturing
2. CC01080 Electronic parts and components manufacturing
3. C802030 Paints and varnishes manufacturing
4. C802120 Industrial catalyst manufacturing
5. C801050 Raw plastic material manufacturing
6. C805990 Other plastic products manufacturing (pressure-sensitive tape for integrated circuit process)
7. C801990 Other chemical materials manufacturing (photoresist, photoelectric chemical material, structural material, and chemical mechanical polishing)
8. C801020 Petrochemical manufacturing
9. C801010 Basic industrial chemical manufacturing
10. Manufacturing, processing and sale of photoresist
11. Manufacturing, processing and sale of electronic chemicals
12. Manufacturing, processing and sale of polyol
13. Manufacturing, processing and sale of methacrylate and acrylate
14. All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company is headquartered in Kaohsiung City and may establish branches at home and abroad when necessary.

Article 4: The Company may engage in domestic or foreign investment in other companies. The total amount of the Company’s investment in other companies is exempted from the prohibition against exceeding 40% of paid-up capital.

Article 5: The Company may act as a guarantor of affiliates and investee companies.

Chapter II Shares

Article 6: The authorized capital of the Company is NT$18 billion, consisting of 1.8 billion shares of common stock, with a par value of NT$10 per share. The Board of Directors is authorized to issue the shares in separate installments as required. NT$0.1 billion, consisting of 10 million shares, with a par value of NT$10 per share, is reserved for stock warrants, corporate bonds with warrants, and preferred stock with warrants.

Article 6-1: Shares issued by the Company need not be in a certificate form, but shall be registered with a centralized depository enterprise.

Article 7: All entries in the shareholders register due to transfer of shares shall be suspended for 60 days prior to a regular shareholders' meeting, or for 30 days prior to an extraordinary shareholders' meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefits.

Chapter III Shareholders' Meeting

Article 8: Shareholders’ meetings are of two kinds: Regular shareholders' meetings and extraordinary shareholders' meetings. A regular shareholders’ meeting is called once every year within six months of the close of a fiscal year. Extraordinary shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

Article 9: For any shareholders’ meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.

Article 10: Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by the Company Act and applicable laws or regulations.

Article 11: Unless otherwise provided by applicable laws or regulations, a resolution of the shareholders’ meeting shall be adopted with consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, and representing a majority of the total issued shares.

Chapter IV Board of Directors and Audit Committee

Article 12: The Company shall have 10 directors of the Board (including 3 independent directors of the Board), with a three-year term of office. Starting from the 18th Board of Directors, the Company shall have 11 directors of the Board (including 3 independent directors of the Board). Directors are elected and appointed by the shareholders from the list of candidates. Candidates may continue in office if re-elected.

The nomination system shall be adopted for the election of directors.

The nomination of directors of the Board shall be processed and announced in accordance with the Company Act and the Securities and Exchange Act. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

The total shares of registered stock held by all directors of the Board shall conform to the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the authority in charge of securities.

Article 12-1: The Company has established the Audit Committee under the 17th Board of Directors since 2016. The Audit Committee shall consist of all independent directors. The Audit Committee Charter shall be formulated based on the resolution of the

Board of Directors.

Since the establishment of the Audit Committee, the regulations of the Company Act, the Securities and Exchange Act, and other laws and regulations relating to supervisors shall apply mutatis mutandis to the Audit Committee.

Article 12-2: The Company may purchase liability insurance for directors of the Board within the term of office.

Article 13: The Board of Directors shall consist of the directors of the Board of the Company; the chairperson of the Board of Directors shall be elected from among the directors of the Board by a majority of directors of the Board in attendance at a meeting attended by at least two-thirds of the directors of the Board. A vice chairperson may be elected as well in the same way when necessary. The chairperson of the Board of Directors shall represent the Company in external matters. In calling a meeting of the Board of Directors, the Company may notify each director of the Board in writing or by fax or E-mail.

Article 14: If a director of the Board is unavailable to attend a meeting in person, the director of the Board may authorize another director of the Board to attend the meeting on his/her behalf. For matters that shall be resolved by the Board of Directors in accordance with Article 14-3 of the Securities and Exchange Act, independent directors may only authorize other independent directors to attend the meeting on their behalf.

Article 14-1: The Board of Directors shall be authorized to decide on the compensation for the directors of the Board at a rate consistent with the general practices in the industry and based on the participation in and contribution to the Company's operations. The Board of Directors shall also approve the compensation regulations as the basis for payment of compensation.

Chapter V Managerial Officer

Article 15: The Company may appoint several managerial officers, whose commissioning, decommissioning and compensation shall be as pursuant to Article 29 of the Company Act.

Chapter VI Accounting

Article 16: After the close of each fiscal year, the business report, financial statements, and proposal for earnings distribution or appropriation for deficits shall be prepared by the Board of Directors and submitted to the regular shareholders' meeting for ratification.①②③

Article 17: If the Company reports a profit in a year, 4.5%~5.5% of which shall be set aside as compensation for employees, and 1% of which shall be set aside as compensation for directors of the Board. If the Company has accumulated losses, a reserve shall be set aside to offset the losses.

The profit in a year referred to in Paragraph 1 shall mean the profit before tax before the deduction of compensation for employees and compensation for directors of the

Board.

Compensation for employees may be distributed in a form of stock or cash. The distribution of compensation for employees shall be approved by more than half of the directors of the Board present in the meeting which more than two-thirds of the directors of the Board attend and reported in the shareholders' meeting.

The counterparty to whom stock or cash dividends are distributed to as compensation for employees shall include the employees of the Company's subsidiaries that meet certain conditions.

Except for compensation set forth in Article 14-1, independent directors do not participate in the distribution of compensation for directors of the Board in this article.

Article 18: The Company shall set aside the following in order before distributing earnings, if any:

①Income taxes.

②deficits.

③10% as legal reserve; where such legal reserve amounts to the total capital, this provision shall not apply.

④Special reserve according to the resolution of the shareholders' meeting or the order of the competent authority.

⑤The distributable earnings shall consist of the balance of earnings plus the undistributed earnings. The Board of Directors shall propose the earnings distribution in the shareholders' meeting for a resolution.

Committed to the sustainable development and sustainable growth, the Company expects to have major expansion plans. Dividends to be distributed to shareholders shall not be less than 30% of the balance of earnings in a year. Cash dividends shall not be less than 10% of total distributable dividends for a year.

Chapter VII Supplementary Provisions

Article 19: Any matters not provided for in the Articles of Incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 20: The Articles of Incorporation were established on November 17, 1964. The 1st amendment was made on February 16, 1966.

The 2nd amendment was made on May 1, 1967.

The 3rd amendment was made on December 16, 1967.

The 4th amendment was made on February 6, 1972.

The 5th amendment was made on November 2, 1972.

The 6th amendment was made on November 5, 1973.

The 7th amendment was made on June 6, 1974.

The 8th amendment was made on July 31, 1975.

The 9th amendment was made on August 29, 1976.

The 10th amendment was made on February 10, 1977.

The 11th amendment was made on August 3, 1978.

The 12th amendment was made on December 26, 1979.
The 13th amendment was made on December 28, 1980.
The 14th amendment was made on October 4, 1983.
The 15th amendment was made on July 20, 1984.
The 16th amendment was made on September 2, 1984.
The 17th amendment was made on October 23, 1986.
The 18th amendment was made on February 12, 1987.
The 19th amendment was made on June 25, 1987.
The 20th amendment was made on September 3, 1987.
The 21st amendment was made on January 17, 1988.
The 22nd amendment was made on September 7, 1988.
The 23rd amendment was made on October 12, 1988.
The 24th amendment was made on December 11, 1988.
The 25th amendment was made on April 26, 1990.
The 26th amendment was made on May 20, 1990.
The 27th amendment was made on August 28, 1990.
The 28th amendment was made on April 21, 1991.
The 29th amendment was made on March 4, 1992.
The 30th amendment was made on April 25, 1992.
The 31st amendment was made on July 15, 1992.
The 32nd amendment was made on April 25, 1993.
The 33rd amendment was made on April 25, 1994.
The 34th amendment was made on April 28, 1995.
The 35th amendment was made on May 15, 1996.
The 36th amendment was made on May 15, 1997.
The 37th amendment was made on April 10, 1998.
The 38th amendment was made on May 4, 1999.
The 39th amendment was made on May 10, 2000.
The 40th amendment was made on May 11, 2001.
The 41st amendment was made on April 15, 2002.
The 42nd amendment was made on April 14, 2004.
The 43rd amendment was made on April 13, 2005.
The 44th amendment was made on June 9, 2006.
The 45th amendment was made on May 24, 2007.
The 46th amendment was made on June 13, 2008.
The 47th amendment was made on June 15, 2010.
The 48th amendment was made on June 5, 2012.
The 49th amendment was made on June 20, 2013.
The 50th amendment was made on June 11, 2014.
The 51st amendment was made on June 10, 2015.
The 52nd amendment was made on June 15, 2016.
The 53rd amendment was made on June 15, 2017.

Appendix 3

Eternal Materials Co., Ltd.
Procedures for the Acquisition or Disposal of Assets

Article 1: The Procedures for the Acquisition or Disposal of Assets (the Procedures) are formulated to protect the Company's assets and disclose relevant information.

Article 2: The Procedures are formulated in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the authority in charge of securities.

Article 3: Scope:

I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

II. Real property (including land, houses and buildings, investment property, right-of-use assets, and construction enterprise inventory) and equipment.

III. Memberships.

IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.

V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

VI. Derivatives.

VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.

VIII. Other major assets.

Article 4: Definition:

I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index, or other benefit and hybrid contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institution Merger Act and other acts, or transfer of shares from another company through issuance of new shares of its own as the consideration therefor (the "transfer of shares") under Paragraph 8, Article 156 of the Company Act.

III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IV. Professional appraiser: A real property appraiser or other person duly authorized by the law to engage in the value appraisal of real property or equipment.

V. Date of occurrence: The date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

VI. Mainland China area investment: Investments in the Mainland China area approved by the Investment Commission, Ministry of Economic Affairs, or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

VII. Most recent financial statements: The financial statements of the Company audited or reviewed by a CPA prior to the acquisition or disposal of assets.

Article 5: The amount of real property and securities acquired by the Company and each subsidiary for non-business use is set as follows:

I. The total amount of real property acquired by the Company for non-business use shall be less than 50% of the Company's net value. The total amount of real property acquired by each subsidiary for non-business use shall be less than 30% of the subsidiary's net value; however, the total amount of real property acquired by a subsidiary in Japan or China for non-business use shall be less than 30% of the Company's net value.

II. Total amount of investments in short-term and long-term securities:

(I) The total amount of the Company's investments in the securities of subsidiaries shall be less than 150% of the Company's net value. The total amount of the Company's investments in the securities of companies other than subsidiaries shall be less than 50% of the Company's net value.

(II) The total amount of subsidiaries' investments in the securities of subsidiaries of the Company shall be less than 120% of the Company's net value. The total amount of subsidiaries' investments in the securities of companies other than subsidiaries of the Company shall be less than 30% of the Company's net value.

III. Limits on individual securities:

(I) The amount of the Company's investments in the securities of a subsidiary shall be less than 100% of the Company's net value. The total amount of the Company's investments in the securities of a company other than a subsidiary shall be less than 30% of the Company's net value.

(II) The total amount of subsidiaries' investments in the securities of a subsidiary of the Company shall be less than 100% of the Company's net value. The total amount of subsidiaries' investments in the securities of a company other than a subsidiary of the Company shall be less than 15% of the Company's net value.

The net value shall refer to the equity attributable to the owners of the parent company on the balance sheet of the most recent financial statements prepared by the Company pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and audited or reviewed by the CPA.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 7: The acquisition or disposal of assets and derivatives trading that should be approved by the Board of Directors in accordance with the Procedures, the Company's authorization regulations or other applicable laws or regulations shall be first approved by more than half of the Audit Committee members. If approval of more than half of the Audit Committee members is not obtained, the acquisition or disposal of assets and derivatives trading may be conducted if approved by more than two-thirds of all directors of the Board, and the resolution of the Audit

Committee shall be recorded in the minutes of the Board of Directors meeting.

The Audit Committee members and all directors of the Board referred to in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 8: Procedures for acquiring or disposing of real property or equipment are as follows:

I. Terms of transaction and degree of authority delegated:

When acquiring or disposing of real property, the department in charge shall refer to the real property's publicly announced current value, appraised value, and actual transaction prices of nearby real property and determine on the terms of transaction and transaction prices and submit an analysis report to the Chairman. When acquiring or disposing of equipment, the department in charge shall proceed by means of price inquiries, price comparison, price negotiation, or request for bids. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein.

II. Appraisal procedures:

In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the above procedure shall also be followed whenever there is any change in the terms of the transaction in the future.

(II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20% of the transaction amount or more.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10% of the transaction amount or more.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9: Procedures for acquiring or disposing of securities are as follows:

I. Terms of transaction and degree of authority delegated:

(I) Trading market

1. When the Company acquires or disposes of securities that are already traded on the stock exchange or at securities brokers' business offices, transactions shall be determined on the basis of market prices.
2. When the Company acquires or disposes of securities that are not traded on the stock exchange or at securities brokers' business offices, the Company shall take into account the net value per share, profitability, and potential for future development of such securities.

(II) The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein.

II. Appraisal procedures:

The Company acquiring or disposing of securities shall obtain the most recent financial statements of the issuing company, audited or reviewed by a CPA, for reference in appraising the transaction price, and if the amount of the transaction is 20% of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA to provide an opinion on the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.

Article 10: Procedures for acquiring or disposing of memberships or intangible assets are as follows:

I. Terms of transaction and degree of authority delegated:

When acquiring or disposing of memberships or intangible assets, the department in charge shall refer to the appraisal report or fair market price and determine on the terms of transaction and transaction prices and submit an analysis report to the Chairman. The degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein.

II. Appraisal procedures:

(I) Where the Company acquires or disposes of memberships and the transaction amount reaches 1% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained.

(II) Where the Company acquires or disposes of intangible assets and the transaction amount reaches 10% of the Company's paid-in capital or NT$300 million or more, an appraisal report from a professional appraiser shall be obtained.

(III) Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 11: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% of the Company's total assets or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Articles 5~10 and the following provisions. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

I. Appraisal and operating procedures:

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital or more, 10% of the Company's total assets or more, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the degree of authority delegated shall be set in accordance with the Company's authorization regulations and Article 7 herein. The Company shall not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors. When the Company and a subsidiary conducts the acquisition or disposal of equipment for business use, the Board of Directors may delegate the Chairman to decide within a certain amount and have the decision subsequently submitted to and ratified by the next Board of Directors meeting:

(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

(II) The reason for choosing the related party as a transaction counterparty.

(III) With respect to the acquisition of real property from a related party, information on appraisal of the reasonableness of the preliminary transaction terms in accordance with Items 1~4, Subparagraph 2.

(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.

(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.

(VII) Restrictive covenants and other important stipulations associated with the transaction.

Transaction amounts that have been resolved by the Audit Committee and approved by the Board of Directors need not be counted toward the transaction amount.

For the calculation of 10% of total assets, the total assets stated in the most recent parent company only financial statements or standalone financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

II. Evaluation of the reasonableness of transaction costs:

(I) The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on

funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Item (1).

(III) The Company that acquires real property from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Items (1)~(2) shall also engage a CPA to check the appraisal and render a specific opinion.

(IV) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Items (1)~(2) are uniformly lower than the transaction price, the matter shall be handled in compliance with Item (5). However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

    (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

    (2) Closed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.

    (3) Lease transactions by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.

2. Where the Company acquiring real property from a related party

provides evidence that the terms of the transaction are similar to the terms of closed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. "Closed transactions involving neighboring or closely valued parcels of land" in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; "transactions involving similarly sized parcels" in principle refer to transactions closed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property.

(V) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Items (1)~(4) are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and shall not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company.
2. Independent directors on the Audit Committee shall supervise the related party transactions, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect the accounting books and documents, and request the Board of Directors or managerial personnel to make reports thereon.
3. Actions taken pursuant to the Sub-items A~B shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
4. The Company that has set aside a special reserve according to the regulations shall not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the authority in charge of securities has given its consent.

(VI) When the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 1, and Items (1)~(3) do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

(VII) When the Company acquires real property from a related party, it shall also comply with Item (5) if there is other evidence indicating that the acquisition is not an arms length transaction.

Article 12: The calculation of the transaction amounts referred to in the preceding 4 articles shall be done in accordance with Subparagraph 5, Paragraph 1, Article 16.

"Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 13: In principle, the Company does not acquire or dispose of claims of financial institutions. If the Company intends to acquire or dispose of claims of financial institutions afterwards, it shall formulate the appraisal and operating procedures upon approval of the Board of Directors.

Article 14: Procedures for acquiring or disposing of derivatives are as follows:

I. Type of transaction

(I) The Company shall only conduct the trading of derivatives set forth in Subparagraph 1, Article 4.

(II) These procedures shall not apply to the trading of bonds under repurchase agreements.

II. Business (hedge) strategy

The Company shall engage in derivatives trading for the purpose of hedging (including accounting and financial hedging) to avoid risks, such as foreign exchange income and expenses, assets or liabilities arising from the business operations of the Company.

III. Division of responsibility

(I) Trading personnel: Designated by the Finance Department

1. Making strategies for the trading of financial products.
2. Trading in derivatives according to the authority of approval and established strategies.

(II) Accounting personnel: Designated by the Accounting Department

1. Reviewing whether transactions are conducted based on the authority of approval and established strategies.
2. Handling accounting treatment.

(III) Settling personnel: Designated by the Finance Department

1. Confirming transactions.
2. Settling transactions.

IV. Total amount of contracts and upper limit of loss

(I) Total amount of contracts

The total amount of outstanding transactions shall be less than the foreign currency positions or loan positions held by the Company in a day.

(II) The upper limit of loss shall be 30% of the amount of an individual contract or total contracts.

(III) If one of the following circumstances occurs during the term of a contract, the Finance Department shall submit the mitigation report to the President or Chairman in writing within 3 days as the basis for determining whether it shall proceed with a transaction:

1. Where there is a significant change in the financial market and the established strategies are no longer applicable based on the judgement of the trading personnel; or
2. Where the loss reaches the upper limit set forth in this article.

V. Evaluation of performance

(I) Exchange rate: Profit or loss arising from derivatives trading is the basis for the evaluation of performance.

(II) Interest rate: Interest expense incurred at the current or future interest rate level is the basis for the evaluation of performance.

(III) To fully control and express the valuation risks of transactions, the Company shall evaluate the profit or loss on a monthly basis.

VI. Authority of approval

Approved by	Daily Transaction Amount Authorized (Note)	Monthly Transaction Amount Authorized (Note)
Head of Finance Department	Less than US$2 million (inclusive)	Less than US$10 million (inclusive)
President	US$2 million~US$6 million (inclusive)	US$10 million~US$25 million (inclusive)
Chairman	More than US$6 million	More than US$25 million

Note: The equivalent in other currencies may apply.

VII. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and report the information in the prescribed format on the information reporting website designated by the authority in charge of securities by the 10th day of each month.

VIII. If the loss of derivatives trading reaches the upper limit of individual or total contracts set forth in Subparagraph 4 of this article, relevant information shall be reported on the information reporting website designated by the authority in charge of securities within 2 days from the date of occurrence of the event.

IX. Risk management measures

(I) Credit risk management

The transaction counterparties of the Company shall be financial institutions with a good reputation and ability to provide professional information.

(II) Market risk management

The market is limited to open foreign exchange transaction markets provided by banks.

(III) Liquidity risk management

To ensure the market liquidity, the Company shall select financial products with higher liquidity as instruments and entrust financial institutions with sufficient information and ability to trade in any market at any time.

(IV) Cash flow risk management

To ensure the stable turnover of working capital, the Company shall fund derivatives trading with its own capital, and the amount of derivatives trading shall be based on the funding need in the cash forecasts.

(V) Operational risk management

The personnel shall abide by the amount authorized by the Company and operating procedures to avoid operational risks.

(VI) Product risk management

The internal trading personnel shall have complete and correct professional knowledge of financial products and require banks to fully disclose product risks.

(VII) Legal risk management

Files signed with financial institutions shall conform to international standards to avoid legal risks.

(VIII) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(IX) The risk measurement, monitoring, and control personnel shall be assigned to a department different from that of the personnel referred to in the preceding subparagraph, and shall report to the Board of directors or senior management with no responsibility for making decisions on transactions or positions.

(X) The Finance Department shall evaluate the derivatives trading positions held at least once every week; however, positions for hedge trades required by business shall be evaluated at least twice every month. Evaluation reports shall be submitted to the senior management personnel designated by the Chairman upon authorization of the Board of Directors.

X. Supervision and management of the Board of Directors

(I) The designate senior management personnel shall pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles:

1. The designate senior management personnel shall periodically evaluate whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures.

2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted, with a report immediately made to the Board of Directors.

(II) The Board of Directors shall periodically evaluate whether derivatives trading performance is consistent with the established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

(III) The Company shall report to the most recent meeting of the Board of Directors after authorizing the relevant personnel to handle derivatives trading in accordance with the Procedures.

XI. The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 9 of this article shall be recorded.

XII. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly review of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an review report. If any material violation is discovered, independent directors on the Audit Committee shall be notified in writing.

Article 15: Procedures for mergers, demergers, acquisitions, or transfer of shares are as follows:

I. Appraisal and operating procedures:

(I) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders and have the opinion submitted to the Audit Committee for a resolution in accordance with Article 7, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on the reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

(II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in Item (1) when sending shareholders the notice of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

II. Other instructions:

(I) A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the authority in charge of securities is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the authority in charge of securities is notified in advance of extraordinary circumstances and grants consent.

(II) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information, and shall not trade, in his/her own name or under the name of another person, in any stock or other equity security of any company relating to the plan for merger, demerger, acquisition, or transfer of shares.

(III) Companies participating in a merger, demerger, acquisition, or transfer of shares shall not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects a company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(IV) The contract for participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following in addition to the matters set forth in Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating

entities or companies.

5. Preliminary progress schedule for plan execution, and anticipated completion date.

6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(V) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

(VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Items (1), (2), and (5).

(VII) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information, and must retain it for 5 years for reference:

1. Basic identification data for personnel:

   Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events:

   Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal adviser, the execution of a contract, and the convening of a board of directors meeting.

3. Important documents and minutes:

   Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

(VIII) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set forth in Item (7) to the authority in charge of securities for reference.

(IX) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such a company whereby the latter is required to abide by the provisions of Items (7) and (8).

Article 16: Standards for information required to be publicly announced and reported on acquisitions and disposal of assets are as follows:

I. 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% of the Company's paid-in capital or more, 10% of the company's total assets or more, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

II. Merger, demerger, acquisition, or transfer of shares.

III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures.

IV. Where the type of assets acquired or disposed of is equipment for business use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$1 billion or more.

V. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million.

VI. Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% of the Company's paid-in capital or NT$300 million or more; provided, this shall not apply to the following circumstances:

(I) Trading of government bonds.

(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

VII. The amount of transactions above shall be calculated as follows. "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount.

(I) The amount of any individual transaction.

(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.

(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

Where the Company conducts the acquisition or disposal of assets required to be publicly announced and whose transaction amount reaches the standard to be publicly announced, a public report of relevant information shall be made within 2 days counting inclusively from the date of occurrence of the event.

A public report of relevant information shall be made in accordance with the following regulations:

I. A public report of relevant information shall be made on the website designated by the authority in charge of securities.

II. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and report the information in the prescribed format by the 10th day of each month.

III. When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such an error or omission.

IV. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

V. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the regulations, a public report of relevant information shall be made on the information reporting website designated by the authority in charge of securities within 2 days counting inclusively from the date of occurrence of the event:

(I) Change, termination, or rescission of a contract signed in regard to the original transaction.

(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

(III) Change in the originally publicly announced and reported information.

Article 17: Control procedures for the acquisition and disposal of assets by subsidiaries are as follows:

I. Subsidiaries shall also formulate the Procedures for the Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Before implementation, the Procedures for the Acquisition or Disposal of Assets shall be submitted to the Chairman of the Company for approval and to the board of directors of subsidiaries for adoption, and the same procedures shall apply to any subsequent amendments.

II. Information required to be publicly announced and reported in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies on the acquisition or disposal of assets by the Company's subsidiary that is not a public company in Taiwan shall be reported by the Company.

III. In the disclosure standards for subsidiaries, "amounting to 20% of paid-in capital or 10% of total assets" shall be based on the Company’s paid-in capital or total assets.

Article 18: The personnel acquiring or disposing of assets in violation of the Procedures shall be evaluated in accordance with the Company's personnel management regulations and Employee Handbook and punished based on the severity of the violation.

Article 19: The Procedures shall be reviewed by the Audit Committee and submitted to the Board of Directors for discussion in accordance with Article 7. The Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 20: The Procedures shall take effect upon passage by the Board of Directors and approval of the shareholders' meeting, and the same procedures shall apply to any subsequent amendments. Unspecified matters shall be governed by the internal policies of the Company unless as otherwise provided.

Appendix 4

Eternal Materials Co., Ltd.

Regulations Governing Election of Directors of the Board

Article 1 Except as otherwise provided by laws and regulations or the Articles of Incorporation, the election of directors of the Board shall be conducted in accordance with the Regulations.

Article 2 More than half of the directors of the Board shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director of the Board.

Article 3 The qualifications for and election of the independent directors of the Board shall comply with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and related regulations of the regulator.

Article 4 The election of the directors of the Board shall be conducted in accordance with the candidate nomination system.

When the number of the directors of the Board falls below five due to the dismissal of a director of the Board for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders' meeting. When the number of the directors of the Board falls short by one-third of the total number prescribed in the Articles of Incorporation, the Company shall call an extraordinary shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of the independent directors of the Board falls below that required under Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When the independent directors of the Board are dismissed en masse, an extraordinary shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5 The single-name cumulative voting method shall be used for the election of the directors of the Board. Each share will have voting rights in number equal to the directors of the Board to be elected, and may be cast for a single candidate or split among multiple candidates.

Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

Article 6 When the directors of the Board are elected, shareholders may choose to exercise their right to vote by means of electronic or on-site voting.

Shareholders referred to in the preceding paragraph who exercise their right to vote by means of electronic voting shall exercise their right to vote on the electronic voting platform designated by the Company.

The Company shall prepare ballots for the directors of Board in number corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7 The number of the directors of the Board will be as specified in the Articles of Incorporation, with voting rights separately calculated for independent and non-independent directors. Those receiving ballots representing the higher numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.

Article 8 Before an election begins, the chairperson shall appoint a number of persons with a shareholder status to perform the respective duties of the vote monitoring and counting personnel. The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

Article 9 If a candidate is a shareholder, a voter shall enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the name of each respective representative shall be entered; however, only one representative’s name shall be entered in a ballot paper.

Article 10 A ballot is invalid under any of the following circumstances:

1. The ballot is not prepared by the Company.
2. A blank ballot is placed in the ballot box.

3. The writing is unclear and indecipherable.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name (or name) or shareholder account number (or identity card number), except as otherwise provided by Article 9.
6. Two or more candidates are entered in the same ballot paper.
7. No shareholder account number or identity card number is provided in the ballot.

Article 11 The voting rights shall be calculated on site immediately after the end of voting, and the list of persons elected as the directors of the Board shall be announced by the chairperson or a person designated by the chairperson on site.

Article 12 The Regulations, and any amendments hereto, shall be implemented after approval in a shareholders' meeting.

Appendix 5

Shareholding of Directors

<table>
<tr><th>Position</th><th>Name</th><th>Book Closure Date for the Shareholder's Meeting April 28, 2019</th></tr>
<tr><td>Chairman</td><td>Kao, Kuo-Lun</td><td>50,138,856</td></tr>
<tr><td>Director of the Board</td><td>Kao, Ying-Chih</td><td>19,851,560</td></tr>
<tr><td>Director of the Board</td><td>Yang, Huai-Kung</td><td>16,175,900</td></tr>
<tr><td>Director of the Board</td><td>Huang, Wu-Tung</td><td>3,921,010</td></tr>
<tr><td rowspan="2">Director of the Board</td><td>Kwang Yang Motor Co., Ltd.</td><td>123,002,116</td></tr>
<tr><td>Representative: Ko, Chun-Ping</td><td>-</td></tr>
<tr><td>Director of the Board</td><td>Hsieh, Chin-Kun</td><td>722,595</td></tr>
<tr><td>Director of the Board</td><td>Shiao, Tzu-Fei</td><td>558,416</td></tr>
<tr><td>Number of Shares Held by All Directors of the Board (Independent Directors of the Board Excluded)</td><td>Total</td><td>214,370,453</td></tr>
<tr><td>Independent Director of the Board</td><td>Hung, Lee-Jung</td><td>-</td></tr>
<tr><td>Independent Director of the Board</td><td>Chen, I-Heng</td><td>471,771</td></tr>
<tr><td>Independent Director of the Board</td><td>Hsu, Jui-Yuan</td><td>-</td></tr>
<tr><td>Number of Shares Held by All Directors of the Board</td><td>Total</td><td>214,842,224</td></tr>
</table>

Date of election: June 15, 2016

The Company's paid-in capital was NT$12,402,794,550, with 1,240,279,455 shares.

Statutory minimum number of shares held by all directors of the Board: 32,000,000 (Note)

Note: According to Paragraph 2, Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors and shall be decreased by 20%.

Statutory minimum number of shares held by all supervisors: N/A

The shareholding of all directors of the Board conformed to the ratio set forth in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Appendix 6

Others

Proposals submitted by shareholders were processed as follows:

1. According to Article 172-1 of the Company Act, shareholder holding 1% of the total number of issued shares or more may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only. Shareholder-submitted proposals are limited to 300 words.
2. For this year's annual shareholders' meeting, the Company has announced the period of collection of proposals from shareholders from April 22, 2019 to 5:00 p.m. on May 2, 2019 on the Market Observation Post System.
3. As of the deadline, the Company has not received any proposals from shareholders.