

Stock Code: 2458

ELAN MICROELECTRONICS CORP.

2019 Annual Shareholders' Meeting Meeting Agenda

Date: June 10, 2019

1F, No. 12, Innovation 1st Rd., Hsinchu Science Park, Hsinchu
30076, Taiwan
(Elan's meeting room)

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ELAN MICROELECTRONICS CORPORATION

2019 Annual General Shareholders' Meeting Procedures

1. Commence Meeting

2. Chairman's Speech

3. Reports

4. Acknowledgements

5. Discussions

6. Election

7. Other Motions

8. Extemporaneous motion

9. Meeting Adjourned

ELAN MICROELECTRONICS CORPORATION

2019 Annual General Shareholders' Meeting Agenda

1. Time: June 10, 2019 (Monday) 9am

2. Venue: No. 12, Chuangxin 1st Road, Hsinchu Science Park, Hsinchu City (the Company's 1/F conference room)

3. Chairman: Chairman Yi Hao Yeh

4. Chairman's Speech

5. Reports

1. Report on business status in 2018

2. The Audit Committee's report on the review of 2018 financial statements

3. Report on the distribution of employee compensation and directors' remuneration in 2018

6. Acknowledgements

1. Acknowledgement of the revision on 2017 Earnings Distribution

2. Acknowledgement of 2018 financial statements

3. Acknowledgement of 2018 Earnings Distribution

7. Discussions

1. Discussion on cash distribution from capital surplus

2. Amendment on Articles of the Company

3. Revision on the procedures of asset acquisition or disposal

8. Election

Election of one succeeding independent director for the Company

9. Other Motions

Lifting the directors' non-competition restrictions

10. Extemporaneous motion

11. Meeting Adjourned

Reports

1. 2018 Business Report. Please approve.

Please refer to Appendix I (P.9) of this manual for the Company's 2018 Business Report.

2. The Audit Committee's report on the review of 2018 financial statements

Please refer to Appendix II (P.14) of this manual for the Company's 2018 Audit Committee's Review Report.

3. Report on the distribution of employee compensation and directors' remuneration in 2018

1. As stipulated in Section 29 of Articles of Association.
2. The Company's profit in 2018 was NT\$2,139,669,471 (i.e. profit before tax deduct profit before distribution of employee compensation and directors' remuneration). The recognized employee compensation of NT\$226,000,000 (10.56%) and the directors' remuneration of NT\$29,000,000 (1.36%) were all paid in cash

Acknowledgements

Motion 1: (Proposed by Board of Directors)

Subject: Acknowledgement of the revision on 2017 Earnings Distribution. Please acknowledge.

Explanation: Since the legal reserve under 2017 Earnings Distribution over recognized NT\$3,594,579, which resulted in under recognition of undistributed earnings at end of the period, thus, it is submitted for revision. After the above adjustment, the undistributed earnings at end of the period under 2017 Earnings Distribution was revised to NT\$3,903,743. Please acknowledge.

Resolution:

Motion 2: (Proposed by Board of Directors)

Subject: 2018 financial statements. Please acknowledge.

Explanation: 1. The Company's 2018 and 2017 Individual Financial Statements, Operating Financial Statements and Consolidated Financial Statements were audited and an unqualified audit report was issued accordingly by Certified Public Accountant KAO, WEI-CHUAN and TSENG, MEI-YU of KPMG, which was authorized by Board of Directors resolution on March 12, 2019, and delivered to the Audit Committee for verification before recordation.

2. Please refer to this manual Appendix III (P.15) for the attached financial statements and consolidated financial statements assessed and certified by Certified Public Accountants. Please acknowledge.

Resolution:

Motion 3: (Proposed by Board of Directors)

Subject: The Company's 2018 Earnings Distribution. Please acknowledge.

Explanation: 1. The Company's 2018 Earnings Distribution was authorized by Board meeting upon resolution dated March 12, 2019.

2. Pursuant to Articles of Association, a NT\$4.65/share cash dividend was planned to be distributed from the Company's profit after tax in 2018 after

paying the statutory profit-seeking enterprise income tax, making up previous year's losses, and appropriating legal reserve. 2017 surplus shall be distributed in priority for this Earnings Distribution. This Earnings Distribution was planned as follows.

3. In the event where adjustment on the number of shares outstanding and payout ratio would be required due to impact and changes thereto arising from any subsequent change in the Company's equity, it is proposed that the shareholders' meeting vest the Chairman with authority to handle the matter at its full discretion.

4. The Company's 2018 Surplus Earning Distribution is listed in Appendix IV (P.31) herein. Please acknowledge.

Resolution:

Discussions

Motion 1: (Proposed by Board of Directors)

Subject: Discussion on cash distribution from capital surplus. Please approve.

Explanation: 1. Cash dividend of NT\$**0.35**/share was distributed from NT\$**106,358,138** capital surplus (“the income derived from the issuance of new shares at a premium”) (capital reserve generated by the issuance of the common stock at premium) to its original shareholders in proportion to the number of shares being held by each of them pursuant to Article 241 of the Company Act. The cash distributed to shareholder was calculated to full NT\$ and omitted any decimal point for distribution (the sum of all decimal points is recognized in the Company's Other Income).

2. In the event where adjustment on the number of shares outstanding and payout ratio would be required due to impact and changes thereto arising from any subsequent change in the Company’s equity, it is proposed that the shareholders’ meeting vest the Chairman with authority to handle the matter at its full discretion.

3. In case of any changes to the laws and regulations, revision ordered by the competent authority, or revision in response to the objective environment concerning the distribution matter, it is proposed that the shareholders’ meeting vest the Chairman with authority to handle the matter at its full discretion as may be lawful.

Resolution:

Motion 2: (Proposed by Board of Directors)

Subject: Amendment on Articles of the Company. Please approve.

Explanation: Articles of the Company was amended in response to internationalization and in accordance with the provision that the targeted implementing employees include employees of the controlling or subsidiary companies who meet certain conditions. A schedule of comparison of the amended Articles of Association is listed in Appendix V (P.32) herein. Please approve.

Resolution:

Motion 3: (Proposed by Board of Directors)

Subject: Revision on the procedures of asset acquisition or disposal. Please approve.

Explanation: 1. Pursuant to Order No.Jin-Guan-Zheng-Fa-1070341072 issued by the Securities and Futures Bureau, FSC on November 26, 2018.

2. The schedule of comparison of the revised procedures of asset acquisition or disposal is listed in Appendix VI (P.34) herein. Please approve.

Resolution:

Election

Election of one succeeding independent director for the Company

Explanation: 1. Pursuant to Section 17 of Articles of Association: The Company shall have 7~9 competent directors elected by the shareholders' meeting, whose term shall be 3 years, and the re-elected one may continue serving the office. The aforementioned number of directors shall include at least three independent directors and no less than one-fifth of total number of directors.

2. The Company originally elected 3 independent directors; however, due to the discharge of the independent director LIN, MAO-KUEI, it is proposed to elect one succeeding independent director for the Company pursuant to the Articles of Association, the term of which shall commence at the date of appointment and ended on June 10, 2021.

3. Pursuant to Articles of Association, Article 192-1 of the Company Act and Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, a candidate nomination system is adopted for election of the directors of the Company. A roster of director candidates and profile are as follows. Please conduct election to fill the vacancy:

name of the candidate	education	experiences	present job
CHUNG, RONG-DAR	M.S. Applied Mathematics, National Tsing Hua University	Electronics Research & Service Organization Business office of ELAN MICROELECTRONICS CORPORATION	Director and Vice President of @Dr. Enherya

Election result:

Other Motions

Subject: Lifting the directors' non-competition restrictions. Please approve.

Explanation: 1. Pursuant to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval for competition.

2. For those directors of the Company who may operate similar or identical business with that of the Company, the consent of the shareholders' meeting is proposed, pursuant to Article 209 of the Company Act, to lift the non-competition restriction of the directors and their representatives. The director is serving the following other company duties:

name of the director	other company duties
CHUNG, RONG-DAR	Director and Vice President of @Dr. Enherya
	Chairman of Mengxin International Co., Ltd.
	Chairman of Yinghua International Co., Ltd.

Resolution:

Extemporaneous motion

Meeting Adjourned

Appendix I

2018 Business Report

1. Business Result of 2018

In 2018, due to multi-profit factors such as the introduction of new customer models, the increase in penetration rate of first-line laptop customers, and the rise in shipments of high-end chip with stylus function, the Company's revenue and profit have achieved excellent performance. Notwithstanding the touchscreen industry has entered into maturity, the Company is still working on promoting its market share and increasing the added value of chips as the focus of operation and thus is still setting growth records in terms of revenue, gross profit margin and profit in this mature industry and market.

In 2018, revenue and profit of touchscreen industry and related applications both grew significantly. The main reason is the close cooperative relationship with global major specifications and platform developers such as Microsoft, Wacom, Google, Huawei and other US, China and Japan megafactories, the control of the latest information and technical cooperation, the fast supply of products to first-tier international megafactories, and the establishment of customer's confidence in the Company, which allow the competitive edge in touchscreen products developed by the Company to be realized and resulted in the significant rise in penetration rate among individual customers; it has also led the Company's touchscreen products (touch screen chips or touchpads) to rise significantly in global market share.

In the meanwhile, in addition to the cooperation with specifications and platform developers, the Company's high value-added chip products are also introduced into the products of major specification developers, such as Microsoft's 2-in-1 laptop "Surface Go", Huawei's 2-in-1 laptops, etc. Since the main platform or specification leaders have a wide range of marketing channels around the world, this will boost the increase in volume and price of the Company's products and drive operational growth.

The PST module products showed dazzling performance in 2018. Notwithstanding there was only one customer, it can still achieve nearly 30% annual growth; the main reason of which is that manufacturers have increased the promotion on commercial laptop and achieved results. Since the major global customers of this product are only the Americans and Lenovo (China), the Company is also fully developing US customers in addition to continuously stabilizing its existing customers, hoping to achieve mass production shipments in the coming year.

The Company actively invested in the development and application of biometric product. The overall shipment volume in 2018 was slightly reduced by 3.5% compared to that of the previous year mainly due to large number of capacitive fingerprint scanner suppliers and fierce competition in smart phones, which resulted in a significant drop in average selling price. However, the increase in customers' orders of capacitive fingerprint scanner for laptop

have accounted for 50% of the overall fingerprint scanner. In order to seek market differentiation and increase profit margin, the capacitive fingerprint scanner payment, encryption and other features were enhanced to add value, hoping to contribute to the revenue and profit growth in 2019.

Although touchscreen has emerged into mature industry with many domestic and foreign manufacturing competitors, fierce price war in the market and decline in average product selling prices, the Company still effectively reduced costs and optimized product mix based on its strength in chip design technical engineering, which resulted in the increase in overall annual revenue of 14.9% compared with that of the previous year and NT\$8,430,000,000 revenue in 2018, setting new records since the establishment of the Company. In addition, due to its continuous product mix optimization and efforts to reduce costs, the gross profit margin was significantly better than that of the previous year and maintained at a high level of 46%, the net operating profit margin reached 21%, and the profit before tax reached NT\$1,885,000,000.

Due to the prolonged smart phone replacement cycle, its high penetration rate in many large markets, the political and economic uncertainty, the rise in smart phone prices and other factors, the market demand in smart phones has slowed down. According to IDC's latest research survey, global smart phone shipments will reach 1,400,000,000 units in 2018, which will result in an annual decline of 4.1%. As for the TrendForce laptop shipment report, the total number of laptops shipped in the first three quarters of 2018 was 121,000,000 units, and is anticipated to decline slightly by 1.9% in the fourth quarter due to be effect of the shortage of CPUs; therefore, the shipment of laptops in 2018 is expected to be 163,000,000 units, which will result in an annual decline of 0.13%.

In order to be in line with the rapid changes in the overall economic trend and the ever-lasting high competition in the industry, the Company has continued to invest a large amount of research and development expenses and engineering human resources in the technical improvement and application of touchscreen and biometrics, as well as invest in artificial intelligence (AI) technology to strengthen product functions and continue to strike for cost reduction. In 2018, the annual output of touch screen laptop chips was more than 17,000,000 sets, which include major orders of global first-tier brandname megafactories, with an annual growth rate of 20% and a market share of more than 60%; ranking first in the world.

At the same time, another main product, the Touch Pad, currently has global market share of more than 40%, which is similar to that of the Company's main US competitor. The Company will continue strike to be number one in the world, which is expected to be realized by 2019. In order to enhance the competitiveness of customers in the international market, the Company continuously improves the single-chip, high voltage, low noise and low power consumption characteristic to supply chip products with the best performance, which has

achieved good results. In 2018, total shipment volume had reached 66,200,000 units and an annual growth of 15%. Together, touch screen chips and Touch Pad have become the major sources of revenue and profit of the Company.

In product research and development, the Company continued to deepen the research and development of various products with large market demand and respond to the development trend of the terminal market. In 2018, R&D expenditures accounted for 16% of revenue; and successively completed the development of biometric solution that supports laptop encryption function, battery-free contactless biometric smart card solution, 2-in-1 networked fire protection module chip, touchpad and touch point 2-in-1 function chip, touchscreen chip that supports active pen AMOLED screen, solution integrating 18:9 FHD touch screen monitors and drive chips for mobile phones, and NB touch lock (SMUX4.0) solution.

In 2018, the Company's was frequently awarded. The Company won the 2018 Hsinchu Science Park "R&D Accomplishment Award", the 2018 Hsinchu Science Park "Innovative Product Awards", the "Excellent Health workplace" prize and "Gender-Friendly Health Award" issued by the Health Promotion Administration of the Ministry of Health and Welfare, and the Hsinchu Science Park "Distinguished Green Landscaping Award".

2. Summary of Business Plan of 2019

2019 is a year of high uncertainty. The International Monetary Fund (IMF) revised 2019 and 2020 global economic growth forecasts down to be 3.5% and 3.6%, respectively, which were the lowest in three years. The reasons of which are the US-China trade war, China's economic slowdown and Brexit risk, which weaken the economic growth momentum. The US-China trade war has shaken the world. The World Bank had bluntly commented that the arrogant atmosphere of both sides will still be the main cause of impact on the world economy in 2019. As a result, the World Bank's global economic growth rates for 2019 and 2020 were revised down to 2.9% and 2.8%, respectively.

Improving the Company's own product R&D capacity is the key in facing the complex and ever-changing overall economy, while clear understanding of the customers' real demands in response to the changes in the big environment. The Company basically is still maintaining a prudent attitude towards 2019 while maintaining growth. The main growth momentum comes from the supply of high value-added biometric products for laptops. Since the average selling price is higher than anticipated, it is expected to further drive revenue and profitability.

Secondly, the TDDI with Pen function solution, which combines touchscreen and LCD driver chips, is a solution that differentiates from the competitors and locks in the market of smart phones. At present, there are many competitors in the market who can supply TDDI chips. In 2019, TDDI chip market will become a even more competitive battlefield. In order to differentiate from the market, emphasizing the provision of better differentiated solutions to

its customers and seeking to launch chips with stylus function will help the Company to increase product profit and avoid price war.

The chip solution with touchscreen and capacitive stylus functions is one of the most competitive products of the Company with shipment grew by nearly 70% in 2018 and mainly (90%) supplied to the laptop market. Currently, the Out Cell, On-Cell, and In-Cell designs are fully supported in respond to the increase in the chance of using stylus due to the increasingly enlarged display screen of smart phones while foldable smart phones is emerging, which all provides growth opportunity for chip with touchscreen and capacitive stylus functions. In 2019, the Company will invest full efforts in this potentially huge business opportunity.

The touch screen chip for laptops still holds a high global market share, and its shipment volume of this year is still possible to be better than that of last year. The Touch Pad is another main product line of the Company, which is mainly used in laptops and currently holds a global market share of more than 40%; its overall shipment volume this year will be better than that of last year under the prospect of two operating systems (Window base & Chrome) and the increase in customer penetration rate, which ensures the goal of becoming No.1 in global market share.

The Company is a professional IC design company. The smooth cooperation of overall supply chain is crucial, because the chips are outsourced; therefore, continuous maintenance of upstream and downstream partnerships with domestic and foreign IC foundries and packaging & testing companies is adopted to gain cost competitiveness, while cooperating with supply chain manufacturers such as touchscreen factories, LCD display factories, smart phone and laptop assembly factories to ensure smooth product shipments and maintain long-term and close partnerships with customers.

In addition, the Company's future development strategy will still be affected by the external competitive environment, regulations and overall business environment, but the Company will continue to develop its core technologies and integrate imaging, sound, entertainment and other components to create cost-effective chips with powerful functions and to offer customers with world-class competitive solutions via system integration concept, while implementing business strategies, establishing patent networks, developing blueprints, continuous investing in the development of new products, improving performance and quality of chips, and exploring own core competitive edge, which are the cornerstones of outstanding revenue and profit.

Chairman YEH, I-HAU
General Manager YEH, I-HAU
Accounting Supervisor CHEN, YI-LIN

Appendix II

Audit Committee's Review Report

The Board of Directors has furnished and delivered the Company's financial statements and consolidated financial statements for the year of 2018, which were audited by Certified Public Accountant KAO, WEI-CHUAN and TSENG, MEI-YU of KPMG. An Audit Report was so issued together with the Business Report and the Surplus Earnings Distribution proposal, which were reviewed by the Audit Committee and found no discrepancy, thus report as above pursuant to Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Act. Please check.

ELAN MICROELECTRONICS CORPORATION

Coordinator of the Audit Committee:

Chen, Homin

March 12, 2019

Independent Auditors' Report

To the Board of Directors

ELAN MICROELECTRONICS CORPORATION:

Opinion

We have audited the financial statements of ELAN MICROELECTRONICS CORPORATION (“the Company”), which comprise the statement of financial position as of December 31, 2018 and 2017, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, base on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Base 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 of our opinion.

Other Matter

We did not audit the financial statements of Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp, which represented investment accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as they relate to the amounts included for Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp, are based solely on the reports of other auditors. The investment in Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp accounted for using the equity method constituted 2.56% and 2.60% of the total assets at December 31, 2018 and 2017, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituted (0.87)% and (0.72)% of the total income before tax for the years then ended, respectively.

Key Audit Matters

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

1. Valuation of inventories

Please refer to Notes 4(g) for accounting policy of inventory, Notes 5 for accounting estimations and assumption uncertainty of inventory valuation, and Notes 6(d) for the write-down of inventories to net realizable value.

Key Audit Matter Explanation:

The inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in the economy and the environment, and the production technology update, the cost of inventories are in a risk that the inventory cost exceeds its net realizable value.

How the matter was addressed in our audit

For valuation of the inventories, we reviewed the inventory aging reports, analyzed the inventory turnovers and changes in its aging inventory for each period to assess the reasonableness of the Company's inventory provision rate, evaluated the accounting policy rationality, understood the sales price adopted by the management evaluation, reviewed the sales status and evaluation which was based on the net realizable value used to assess the appropriateness of the Company management's estimation on inventory provision.

2. Revenue recognition

Please refer to Note 4(p) for accounting policy of revenue recognition.

Key Audit Matter Explanation:

The major business activities of the Company are the manufacture and sale of integrated circuits. The Company also offers research and development services with respect to the products presented above. Test of revenue recognition is one of the key audit matters in our audit. Revenue is the key performance indicator to evaluate the performance by the investors and management, and thus, needs significant attention in our audit.

How the matter was addressed in our audit

We tested the effectiveness of the related controls surrounding revenue recognition, reviewed relevant sales documents to evaluate whether the revenue recognition is consistent with the accounting policy; performed trend analysis on the top ten customers and revenue by products, to assess significant exception, if any; tested the sales transactions before and after the end of the year and its relevant documents to evaluate the accuracy of the amount and period of the revenue recognized.

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

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

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

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tseng, May-Yu and Gau, Wey-Chuan.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2019

Notes to Readers

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

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

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

Balance Sheets

December 31, 2018 and 2017

(Expressed in, New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current assets:						
1100	Cash and cash equivalents (note 6(a))	\$	1,685,150	18	1,751,025	18
1110	Current financial assets at fair value through profit or loss (note 6(b) and 7)		426,245	4	536,276	5
1172	Accounts receivable (note 6(c))		1,001,958	11	860,048	9
1181	Accounts receivable due from related parties (notes 6(c) and 7)		42,872	-	17,487	-
1200	Other receivables, net (notes 6(c) and 7)		661,640	8	538,576	5
1310	Inventories, manufacturing business, net (note 6 (d)))		1,073,897	11	1,066,710	11
1410	Prepayments and other current assets		3,999	-	32,310	-
1476	Other current financial assets (note 6(a))		1,724,850	18	2,539,200	26
			6,620,611	70	7,341,632	74
Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		583,592	6	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))		160,994	2	-	-
1523	Non-current available-for-sale financial assets, net (note 6(f))		-	-	131,267	1
1551	Investments accounted for using equity method (note 6(g))		1,129,348	12	898,656	10
1543	Non-current financial assets at cost, net (note 6(h))		-	-	632,920	6
1600	Property, plant and equipment (note 6(i))		761,937	8	572,376	6
1780	Intangible assets (note 6(j))		202,743	2	230,104	2
1840	Deferred tax assets (note 6(k))		29,821	-	25,808	-
1900	Other non-current assets		28,901	-	53,439	1
			2,897,336	30	2,544,570	26
Total assets		\$	9,517,947	100	9,886,202	100

Liabilities and Equity		December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current liabilities:						
2170	Total accounts payable (notes 6(g) and (t))	\$	961,996	10	890,919	9
2206	Employee bonus payable (note 6(s))		255,000	3	175,000	2
2230	Current tax liabilities		256,922	3	146,715	1
2300	Total other current liabilities (notes 6(g) and (t))		1,031,125	10	914,113	10
			2,505,043	26	2,126,747	22
Non-Current liabilities:						
2640	Net defined benefit liability, non-current (note 6(l))		373,240	3	390,698	4
2645	Guarantee deposits received		10,236	-	9,984	-
2570	Total deferred tax liabilities (note 6(m))		2,248	-	2,296	-
			385,724	3	402,978	4
			2,890,767	29	2,529,725	26
Total liabilities						
Equity: (notes 6(n) and (o))						
3100	Total capital stock		3,038,804	32	4,341,148	45
3200	Total capital surplus		444,033	5	536,328	5
	Retained earnings:					
3310	Legal reserve		1,419,965	15	1,312,585	13
3350	Total unappropriated retained earnings (accumulated deficit)		1,585,683	17	1,109,748	11
			3,005,648	32	2,422,333	24
3400	Total other equity interest		172,023	2	147,779	1
3500	Treasury shares		(33,328)	-	(91,111)	(1)
	Total equity		6,627,180	71	7,356,477	74
Total liabilities and equity		\$	9,517,947	100	9,886,202	100

See accompanying notes to financial statements

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

ELAN MICROELECTRONICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(o), (p) and 7)	\$ 8,432,996	100	7,341,164	100
5000	Operating costs (notes 6(d) and (l))	4,574,425	54	4,031,280	55
	Gross profit from operations	3,858,571	46	3,309,884	45
5920	Add: Realized profit on from sales	88	-	(2,529)	-
		3,858,659	46	3,307,355	45
	Operating expenses: (notes 7 and 9, 12)				
6100	Total selling expenses	525,428	6	456,467	6
6200	Total administrative expenses	230,654	3	209,726	3
6300	Total research and development expenses	1,331,429	16	1,177,745	16
6450	Expected credit impairment loss	1,572	-	-	-
		2,089,083	25	1,843,938	25
	Income from operations	1,769,576	21	1,463,417	20
	Non-operating income and expenses:				
7010	Total other income (notes 6(q) and 7)	71,365	1	87,303	1
7020	Other gains and losses, net (notes 6(g) and (q))	(11,906)	-	(91,558)	(1)
7050	Finance costs, net	(8)	-	(8)	-
7590	Miscellaneous disbursements	(1,438)	-	(5,181)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(g))	57,080	1	(157,646)	(2)
		115,093	2	(167,090)	(2)
	Income before income tax	1,884,669	23	1,296,327	18
7950	Income tax expenses (note 6(l))	325,089	4	222,525	2
	Profit	1,559,580	19	1,073,802	16
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	5,422	-	34,783	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	29,727	-	-	-
8330	Share of other comprehensive income of subsidiaries, associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(5,667)	-	999	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		29,482	-	35,782	-
8360	Other components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	400	-	(1,922)	-
8362	Unrealized losses on valuation of available-for-sale financial assets	-	-	(35,501)	-
8380	Share of other comprehensive income of subsidiaries, associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(559)	-	7,680	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(159)	-	(29,743)	-
8300	Other comprehensive income, net	29,323	-	6,039	-
	Comprehensive income	\$ 1,588,903	19	1,079,841	16
	Earnings per share (note 6(n))				
	Basic earnings per share	\$ 4.16		2.58	
	Diluted earnings per share	\$ 4.12		2.55	

See accompanying notes to financial statements

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

ELAN MICROELECTRONICS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		Exchange differences on translation of foreign financial statements	Total other equity interest		Treasury shares	Total equity
						Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available- for-sale financial assets		
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings					
Balance at January 1, 2017	\$ 4,341,148	735,781	1,264,428	481,567	(2,138)	-	179,660	(101,268)	6,899,178
Profit	-	-	-	1,073,802	-	-	-	-	1,073,802
Other comprehensive income	-	-	-	35,782	(1,922)	-	(27,821)	-	6,039
Total comprehensive income	-	-	-	1,109,584	(1,922)	-	(27,821)	-	1,079,841
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	48,157	(48,157)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(433,246)	-	-	-	-	(433,246)
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(248,315)	-	-	-	-	-	-	(248,315)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	17,718	-	-	-	-	-	10,157	27,875
Changes in ownership interests in subsidiaries	-	31,144	-	-	-	-	-	-	31,144
Balance at December 31, 2017	4,341,148	536,328	1,312,585	1,109,748	(4,060)	-	151,839	(91,111)	7,356,477
Effects of retrospective application	-	-	-	17,120	-	151,839	(151,839)	-	17,120
Equity at beginning of period after adjustments	4,341,148	536,328	1,312,585	1,126,868	(4,060)	151,839	-	(91,111)	7,373,597
Profit	-	-	-	1,559,580	-	-	-	-	1,559,580
Other comprehensive income	-	-	-	5,079	(159)	24,403	-	-	29,323
Total comprehensive income	-	-	-	1,564,659	(159)	24,403	-	-	1,588,903
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	107,380	(107,380)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(998,464)	-	-	-	-	(998,464)
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(121,552)	-	-	-	-	-	-	(121,552)
Capital reduction	(1,302,344)	-	-	-	-	-	-	52,812	(1,249,532)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	40,834	-	-	-	-	-	4,971	45,805
Changes in ownership interests in subsidiaries	-	(11,577)	-	-	-	-	-	-	(11,577)
Balance at December 31, 2018	\$ 3,038,804	444,033	1,419,965	1,585,683	(4,219)	176,242	-	(33,328)	6,627,180

See accompanying notes to financial statements

ELAN MICROELECTRONICS CORPORATION**Statements of Cash Flows****For the years ended December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars)**

	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 1,884,669	1,296,327
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	43,962	41,830
Amortization expense	43,239	60,417
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	1,572	(181)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	20,912	6,213
Interest expense	8	8
Interest income	(43,172)	(39,033)
Dividend income	(8,479)	(27,931)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(57,080)	157,646
Loss (gain) on disposal of property, plan and equipment	388	309
Impairment loss on financial assets	25,808	50,108
Reversal of impairment loss on financial assets	-	(16,684)
Impairment loss on non-financial assets	-	(13,036)
Reversal of impairment loss on non-financial assets	1,638	1,293
Other revenue, overdue dividends and compensation of board and directors	89,337	91,379
Other	(87)	2,703
Total adjustments to reconcile profit	118,046	315,041
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	116,168	(5,181)
Decrease (increase) in notes and accounts receivable (including related parties)	(168,867)	165,779
Increase in inventories	(96,524)	(176,611)
Decrease (increase) in other current assets	34,872	(1,282)
Increase in other receivable	(123,391)	(364,820)
Increase (decrease) in notes payable	71,077	74,805
Increase in other current liabilities	183,338	400,641
Total adjustments	134,719	408,372
Cash inflow generated from operations	2,019,388	1,704,699
Interest received	43,499	38,792
Dividends received	8,489	41,851
Interest paid	(8)	(8)
Income taxes paid	(218,944)	(154,127)
Net cash flows from operating activities	1,852,424	1,631,207
Cash flows from (used in) investing activities:		
Acquisition of financial asset at fair value through profit or loss	(29,450)	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	48,065	-
Acquisition of available-for-sale financial assets	-	(30,800)
Proceeds from disposal of available-for-sale financial assets	-	18,421
Acquisition of financial assets at cost	-	(250,000)
Proceeds from disposal of financial assets at cost	-	16,684
Proceeds from capital reduction of financial assets at cost	-	56,992
Acquisition of investments accounted for using equity method	(97,732)	(7,316)
Acquisition of property, plant and equipment	(240,084)	(46,420)
Increase (decrease) in refundable deposits	670	(106)
Acquisition of intangible assets	(15,878)	(72,674)
Decrease in other non-current assets	23,868	(48,569)
Other investing activities	814,350	(498,780)
Net cash flows from (used in) investing activities	503,809	(862,568)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	252	(25)
Cash dividends paid	(1,120,016)	(681,560)
Capital reduction	(1,302,344)	-
Net cash flows used in financing activities	(2,422,108)	(681,585)
Net increase (decrease) in cash and cash equivalents	(65,875)	87,054
Cash and cash equivalents at beginning of period	1,751,025	1,663,971
Cash and cash equivalents at end of period	\$ 1,685,150	1,751,025

See accompanying notes to financial statements

Independent Auditors' Report

To the Board of Directors

ELAN MICROELECTRONICS CORPORATION:

Opinion

We have audited the consolidated financial statements of ELAN MICROELECTRONICS CORPORATION ("the Company"), and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, base on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("ISIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp, which represented investment accounted for using the equity method of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp, is based solely on the report of another auditor. The investment in Top Taiwan X Venture Capital Co. Ltd and Uniband Electronic Corp accounted for using the equity method constituted 2.49% and 2.54% of the consolidated total assets at December 31, 2018 and 2017, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituted (0.88)% and (0.74)% of the consolidated total income before tax for the years ended December 31, 2018 and 2017, respectively.

The Company has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion with emphasis of matter paragraph or other matter paragraph.

Key Audit Matters

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

1. Valuation of inventories

Please refer to Notes 4(h) for accounting policy of inventory, Notes 5 for accounting estimations and assumption uncertainty of inventory valuation, and Notes 6(d) for the write-down of inventories to net realizable value.

Key Audit Matter Explanation:

The inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in the economy and the environment, and the production technology update, the cost of inventories are in a risk that the inventory cost exceeds its net realizable value.

How the matter was addressed in our audit

For valuation of the inventories, we reviewed the inventory aging reports, analyzed the inventory turnovers and changes in its aging inventory for each period to assess the reasonableness of the Group's inventory provision rate, evaluated the accounting policy rationality, understood the sales price adopted by the management evaluation, reviewed the sales status and evaluation which was based on the net realizable value used to assess the appropriateness of the Group management's estimation on inventory provision.

2. Revenue recognition

Please refer to Note 4(p) for accounting policy of revenue recognition.

Key Audit Matter Explanation:

The major business activities of the Group are the manufacture and sale of integrated circuits. The Group also offers research and development services with respect to the products presented above. Test of revenue recognition is one of the key audit matters in our audit. Revenue is the key performance indicator to evaluate the performance by the investors and management, and thus, needs significant attention in our audit.

How the matter was addressed in our audit

We tested the effectiveness of the related controls surrounding revenue recognition, reviewed relevant sales documents to evaluate whether the revenue recognition is consistent with the accounting policy; performed trend analysis on the top ten customers and revenue by products, to assess significant exception, if any; tested the sales transactions before and after the end of the year and its relevant documents to evaluate the accuracy of the amount and period of the revenue recognized.

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tseng, May-Yu and Gau, Wey-Chuan.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2019

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in, New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017					
		Amount	%	Amount	%				
Current assets:									
1100	Cash and cash equivalents (notes 6(a) and (t))	\$ 2,075,773	21	1,984,013	20				
1110	Current financial assets at fair value through profit or loss (note 6(b))	655,238	7	734,002	7				
1170	Accounts receivable, net (notes 6(c), (t) and 7)	1,104,734	11	937,773	9				
1200	Other receivables, net (notes 6(c), (t) and 7)	658,085	7	539,467	5				
1310	Inventories, manufacturing business, net (note 6(d))	1,156,253	12	1,153,803	11				
1410	Prepayments and other current assets	38,222	-	65,306	1				
1476	Other current financial assets (notes 6(a) and (t))	1,759,480	18	2,539,200	25				
		7,447,785	76	7,953,564	78				
Non-current assets:									
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	808,068	8	-	-				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	252,100	3	-	-				
1523	Non-current available-for-sale financial assets, net (note 6(f))	-	-	226,318	2				
1551	Investments accounted for using equity method (note 6(g))	246,562	3	310,033	3				
1543	Non-current financial assets at cost, net (note 6(h))	-	-	761,868	8				
1600	Property, plant and equipment (note 6(i))	767,874	8	580,010	6				
1780	Intangible assets (note 6(j))	225,319	2	256,273	3				
1840	Deferred tax assets (note 6(m))	29,821	-	25,808	-				
1900	Other non-current assets (note 6(t))	25,618	-	28,931	-				
		2,355,362	24	2,189,241	22				
Total assets		\$ 9,803,147	100	10,142,805	100				
Liabilities and Equity									
Current liabilities:									
2100	Total short-term borrowings (notes 6(k) and (t))	\$ 243,000	2	240,000	2				
2170	Total accounts payable (notes 6(s) and (t))	975,578	10	895,974	9				
2206	Employee bonus payable (notes 6(s) and (t))	255,000	3	175,000	2				
2230	Current tax liabilities	269,983	3	154,292	2				
2300	Total other current liabilities (note 6(t))	1,085,084	10	945,148	9				
		2,828,645	28	2,410,414	24				
Non-Current liabilities:									
2640	Net defined benefit liability, non-current (note 6(l))	378,819	4	396,206	4				
2645	Guarantee deposits received (note 6(t))	10,677	-	10,426	-				
2570	Total deferred tax liabilities (note 6(m))	2,248	-	2,296	-				
		391,744	4	408,928	4				
		3,220,389	32	2,819,342	28				
Total liabilities									
Equity attributable to owners of parent: (notes 6(n) and (o))									
3100	Total capital stock	3,038,804	31	4,341,148	43				
3200	Total capital surplus	444,033	5	536,328	5				
	Retained earnings:								
3310	Legal reserve	1,419,965	14	1,312,585	13				
3350	Total unappropriated retained earnings (accumulated deficit)	1,585,683	16	1,109,748	11				
		3,005,648	30	2,422,333	24				
3400	Total other equity interest	172,023	2	147,779	1				
3500	Treasury shares	(33,328)	-	(91,111)	(1)				
	Total equity attributable to owners of parent:	6,627,180	68	7,356,477	72				
36XX	Non-controlling interests	(44,422)	-	(33,014)	-				
	Total equity	6,582,758	68	7,323,463	72				
	Total liabilities and equity	\$ 9,803,147	100	10,142,805	100				

See accompanying notes to financial statements

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p), (q) and 7, 14)	\$ 8,651,332	100	7,503,267	100
5000	Operating costs (notes 6(d) and (l))	4,709,457	54	4,156,099	55
	Gross profit from operations	3,941,875	46	3,347,168	45
5920	Add: Realized profit on from sales	2,302	-	652	-
		3,944,177	46	3,347,820	45
	Operating expenses: (notes 6(l) and 9, 12)				
6100	Total selling expenses	349,848	4	309,706	4
6200	Total administrative expenses	331,042	4	301,480	4
6300	Total research and development expenses	1,531,009	18	1,386,852	18
6450	Expected credit impairment loss	1,990	-	-	-
		2,213,889	26	1,998,038	26
	Income from operations	1,730,288	20	1,349,782	19
	Non-operating income and expenses:				
7010	Total other income (notes 6(r))	71,152	1	88,448	1
7020	Other gains and losses, net (notes 6(h) and (r))	114,339	1	(127,016)	(1)
7050	Finance costs, net	(4,651)	-	(4,213)	-
7590	Miscellaneous disbursements	(1,674)	-	(5,248)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note 6(g))	(39,386)	-	(39,492)	(1)
		139,780	2	(87,521)	(1)
	Income before income tax	1,870,068	22	1,262,261	18
8110	Income tax expenses (note 6(m))	338,366	4	230,151	3
	Profit	1,531,702	18	1,032,110	15
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	4,904	-	36,252	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	25,782	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,379)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		29,307	-	36,252	-
8360	Other components of other comprehensive income that will not be reclassified to profit or loss				
8361	Exchange differences on translation	(139)	-	(2,083)	-
8362	Unrealized losses on valuation of available-for-sale financial assets	-	-	(29,234)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(20)	-	1,276	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(159)	-	(30,041)	-
8300	Other comprehensive income, net	29,148	-	6,211	-
	Comprehensive income	\$ 1,560,850	18	1,038,321	15
	Net income for the period attributable to:				
	Owners of the parent	\$ 1,559,580	18	1,073,802	16
	Non-controlling interests	(27,878)	-	(41,692)	(1)
		\$ 1,531,702	18	1,032,110	15
	Total comprehensive income for the period attributable to:				
	Owners of the parent	\$ 1,588,903	18	1,079,841	16
	Non-controlling interests	(28,053)	-	(41,520)	(1)
		\$ 1,560,850	18	1,038,321	15
	Earnings per share (note 6(o))				
	Basic earnings per share	\$ 4.16		2.58	
	Diluted earnings per share	\$ 4.12		2.55	

See accompanying notes to financial statements

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
					Total other equity interest						
	Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings							
Balance at January 1, 2017	\$ 4,341,148	735,781	1,264,428	481,567	(2,138)	-	179,660	(101,268)	6,899,178	(3,036)	6,896,142
Profit	-	-	-	1,073,802	-	-	-	-	1,073,802	(41,692)	1,032,110
Other comprehensive income	-	-	-	35,782	(1,922)	-	(27,821)	-	6,039	172	6,211
Total comprehensive income	-	-	-	1,109,584	(1,922)	-	(27,821)	-	1,079,841	(41,520)	1,038,321
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	48,157	(48,157)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(433,246)	-	-	-	-	(433,246)	-	(433,246)
Other changes in capital surplus:											
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	17,718	-	-	-	-	-	10,157	27,875	-	27,875
Cash dividends from capital surplus	-	(248,315)	-	-	-	-	-	-	(248,315)	-	(248,315)
Issuance of shares for non-controlling interests	-	-	-	-	-	-	-	-	-	42,686	42,686
Changes in non-controlling interests	-	31,144	-	-	-	-	-	-	31,144	(31,144)	-
Balance at December 31, 2017	4,341,148	536,328	1,312,585	1,109,748	(4,060)	-	151,839	(91,111)	7,356,477	(33,014)	7,323,463
Effects of retrospective application	-	-	-	17,120	-	151,839	(151,839)	-	17,120	-	17,120
Equity at beginning of period after adjustments	4,341,148	536,328	1,312,585	1,126,868	(4,060)	151,839	-	(91,111)	7,373,597	(33,014)	7,340,583
Profit	-	-	-	1,559,580	-	-	-	-	1,559,580	(27,878)	1,531,702
Other comprehensive income	-	-	-	5,079	(159)	24,403	-	-	29,323	(175)	29,148
Total comprehensive income	-	-	-	1,564,659	(159)	24,403	-	-	1,588,903	(28,053)	1,560,850
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	107,380	(107,380)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(998,464)	-	-	-	-	(998,464)	-	(998,464)
Other changes in capital surplus:											
Cash dividends from capital surplus	-	(121,552)	-	-	-	-	-	-	(121,552)	-	(121,552)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	40,834	-	-	-	-	-	4,971	45,805	-	45,805
Capital reduction	(1,302,344)	-	-	-	-	-	-	52,812	(1,249,532)	-	(1,249,532)
Issuance of shares for non-controlling interests	-	-	-	-	-	-	-	-	-	860	860
Changes in non-controlling interests	-	(11,577)	-	-	-	-	-	-	(11,577)	15,785	4,208
Balance at December 31, 2018	\$ 3,038,804	444,033	1,419,965	1,585,683	(4,219)	176,242	-	(33,328)	6,627,180	(44,422)	6,582,758

See accompanying notes to financial statements

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 1,870,068	1,262,261
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	46,353	45,507
Amortization expense	49,845	73,342
Expected credit loss / Provision (reversal of provision) for bad debt expense	1,990	265
Net loss (gain) on financial assets at fair value through profit or loss	(100,218)	853
Interest expense	4,651	4,213
Interest income	(43,857)	(39,276)
Dividend income	(11,434)	(33,886)
Share of loss of associates accounted for using equity method	39,386	39,492
Loss on disposal of property, plant and equipment	387	309
Impairment loss	25,808	85,420
Gain on disposal of non-current financial assets at cost	-	(16,684)
Gain on disposal of available-for-sale financial assets	-	(13,036)
Difference between net pension liability and actual appropriations	(12,483)	560
Impairment loss and disposal loss on inventory	93,385	92,965
Others	612	(1,908)
Total adjustments to reconcile profit	94,425	238,136
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	77,168	(180)
Increase in notes and accounts receivable	(168,951)	170,029
Increase in inventories	(95,835)	(192,472)
Decrease (increase) in other operating assets	33,645	(33,475)
Increase in other receivable	(118,934)	(351,534)
Increase in notes and accounts payable	79,604	62,136
Increase in other payable	219,914	384,812
Cash inflow generated from operations	1,991,104	1,539,713
Interest received	44,173	39,036
Dividends received	11,443	47,806
Interest paid	(4,629)	(4,185)
Income taxes paid	(226,737)	(159,551)
Net cash flows from operating activities	1,815,354	1,462,819
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(265,556)
Proceeds from disposal of financial assets at fair value through profit or loss	(37,989)	-
Acquisition of financial assets designated at fair value through profit or loss	62,647	-
Acquisition of available-for-sale financial assets	-	(30,800)
Proceeds from disposal of available-for-sale financial assets	-	18,421
Proceeds from capital reduction of financial assets at fair value through profit of loss	48,065	-
Proceeds from disposal of financial assets at cost	-	16,684
Proceeds from capital reduction of financial assets at cost	-	62,526
Acquisition of property, plant and equipment	(240,827)	(47,205)
Increase in refundable deposits	(518)	-
Acquisition of intangible assets	(18,891)	(79,097)
Decrease (increase) in other non-current assets	3,831	(5,261)
Decrease (increase) in time deposit with maturity longer than three months	779,720	(481,380)
Net cash flows from (used in) investing activities	596,038	(811,668)
Cash flows used in financing activities:		
Increase in short-term loans	373,000	440,000
Decrease in short-term loans	(370,000)	(340,000)
Increase (decrease) in guarantee deposits received	251	(31)
Cash dividends paid	(1,074,211)	(653,686)
Capital reduction	(1,249,532)	-
Change in non-controlling interests	860	42,686
Net cash flows used in financing activities	(2,319,632)	(511,031)
Net increase in cash and cash equivalents	91,760	140,120
Cash and cash equivalents at beginning of period	1,984,013	1,843,893
Cash and cash equivalents at end of period	\$ 2,075,773	1,984,013

See accompanying notes to financial statements.

Appendix IV

2018 Schedule of Earnings Distribution

Unit: NT\$

Beginning balance		309,164
add: Actuarial pension gains and losses effects (including subsidiaries)	5,078,518	
add: IFRS9 Recognized financial instrument investment effects (including subsidiaries)	17,119,851	
add: 2017 Reversal of excess legal reserve to retained earnings	3,594,579	
beginning accumulated surplus (losses)		<u>26,102,112</u>
add: Net profit after tax of the year	1,559,580,170	
subtotal:		<u>1,585,682,282</u>
less: legal reserve recognized	155,958,017	
distributable surplus		<u>1,429,724,265</u>
distributed items:		
Shareholders bonus — cash (NT\$4.65/share)	1,413,043,823	
Ending undistributed earnings		<u>16,680,442</u>
Note: The cash dividend was calculated based on the distribution ratio to full NT\$ without any decimal point, and the sum of all decimal points is recognized in the Company's Other Income.		

Note: 1. The Chairman is authorized to decide the ex-dividend date and the dividend distribution date upon resolution of the shareholders' meeting.

2. The 2018 Earnings Distribution shall be recognized from the 2017 surplus first.

3. The Chairman is vested with full authority to handle other matters not covered herein.

Chairman: YEH, I-HAU

General Manager: YEH, I-HAU

Accounting Supervisor: CHEN, YI-LIN

Appendix V

ELAN MICROELECTRONICS CORPORATION Comparison of the Revised vs the Original Articles of Association

Pre-amendment	Post-amendment	Reason
Section 1: The Company was incorporated and named in Chinese pursuant to the Company Act. Its English name is set as <u>ELAN MICROELECTRONICS CORPORATION.</u>	Section 1: The Company was incorporated and named in Chinese pursuant to the Company Act.	in response to internationalization
Section 5-2: The party entitled to the transfer of shares acquired by the Company pursuant to the Company Act shall include employees of controlling or subsidiary companies who meet certain conditions. The party entitled to the issuance of the Company's employees stock option certificates shall include employees of controlling or subsidiary companies who meet certain conditions. The employees who are entitled to subscribe stocks when the Company issue new stocks shall include employees of controlling or subsidiary companies who meet certain conditions. The party entitled to the issuance of the Company's restricted stock awards shall include employees of controlling or subsidiary companies who meet certain conditions.	--	Add: The Articles specified that the targeted implementing employees include employees of controlling or subsidiary companies who meet certain conditions
Section 29-1: If there is any surplus at the Company's annual closing, it shall first pay taxes and make up for accumulated losses before appropriate 10% as legal reserve; however, this does not apply if the legal reserve has reached the Company's paid-in capital amount. In addition, special reserves would be required depending on the Company's operational needs and the laws and regulations. Any remaining surplus shall be combined with the beginning undistributed earnings for the Board of Directors to propose Surplus Earning Distribution to the shareholders' meeting for resolution. The dividend payout ratios are as follows: The amount of surplus to be distributed in the year shall not be less	Section 29-1: If there is any surplus at the Company's annual closing, it shall first pay taxes and make up for accumulated losses before appropriate 10% as legal reserve; however, this does not apply if the legal reserve has reached the Company's paid-in capital amount. In addition, special reserves would be required depending on the Company's operational needs and the laws and regulations. Any remaining surplus shall be combined with the beginning undistributed earnings for the Board of Directors to propose Surplus Earning Distribution to the shareholders'	The Articles specified that the targeted implementing employees include employees of controlling or subsidiary companies who meet certain conditions

Pre-amendment	Post-amendment	Reason
than 50% of the accumulated distributable surplus; the cash dividend shall not be less than 10% of the total dividend. <u>The party entitled to the issuance of stocks or cash as employee compensation shall include employees of controlling or subsidiary companies who meet certain conditions.</u>	meeting for resolution. The dividend payout ratios are as follows: The amount of surplus to be distributed in the year shall not be less than 50% of the accumulated distributable surplus; the cash dividend shall not be less than 10% of the total dividend.	
Section 32: The Articles was established on April 28, 1994. The 18th amendment was on June 8, 2016. The 19th amendment was on June 20, 2017 The 20th amendment was on June 11, 2018 <u>The 21th amendment was on June 10, 2019</u>	Section 32: The Articles was established on April 28, 1994. The 18th amendment was on June 8, 2016. The 19th amendment was on June 20, 2017. The 20th amendment was on June 11, 2018.	add amendment date

Appendix VI

ELAN MICROELECTRONICS CORPORATION

Comparison of the Revised vs the Original Provisions Governing the Acquisition or Disposal of Assets

Pre-amendment	Post-amendment	Reason
<p>Section 2: Scope of assets</p> <ol style="list-style-type: none"> Securities: including stocks, government bonds, corporate bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. Memberships. Intangible assets: including patents, copyrights, trademarks, franchise rights, etc. <u>Right-of-use asset.</u> Financial institution's creditor's right (including account receivables, loans & bills purchased & discounted, overdue receivables). Derivatives. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. Other major assets. 	<p>Section 2: Scope of assets</p> <ol style="list-style-type: none"> Securities: including stocks, government bonds, corporate bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. Memberships. Intangible assets: including patents, copyrights, trademarks, franchise rights, etc. Financial institution's creditor's right (including account receivables, loans & bills purchased & discounted, overdue receivables). Derivatives. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. Other major assets. 	<p>apply in conjunction with newly added Item 5 of IFRS16</p>
<p>Section 7: The procedures for acquisition or disposal of real estate, <u>right-of-use asset</u> or other fixed assets.</p> <ol style="list-style-type: none"> Assessment and operating procedures The acquisition or disposal of the Company's real property, <u>right-of-use asset</u> and other fixed assets is subject to the Company's fixed asset circulation procedures of internal control system. Procedures determining the 	<p>Section 7: The procedures for acquisition or disposal of real estate or other fixed assets.</p> <ol style="list-style-type: none"> Assessment and operating procedures The acquisition or disposal of the Company's real property and other fixed assets is subject to the Company's fixed asset circulation procedures of internal control system. Procedures determining the 	<p>Apply in conjunction with provision of IFRS 16 – “LEASES”, and include right-of-use asset into this provision.</p>

Pre-amendment	Post-amendment	Reason
<p>transaction criteria and the amount of authorization</p> <p>(1) The acquisition or disposal of the Company's real property or right-of-use asset shall refer to announced present value, the assessed value, the actual transaction price of the adjacent real property, etc. to finalize transaction criteria and transaction price before preparing the analysis report and submit to the Chairman for approval and forward to the Board of Directors for consent.</p> <p>(2) The acquisition or disposal of other fixed assets shall be handled via inquiry, price comparison, bargaining or tendering.</p> <p>(3) The capital expenditure budget should be approved first before acquisition of other fixed is approved by tiered authorities.</p> <p>(4) The disposal of other fixed assets is subject to approved by tiered authorities.</p> <p>3. Execution unit</p> <p>The acquisition or disposal of the Company's real property, right-of-use asset, and fixed assets shall be executed by the Purchasing Department upon approval by the aforementioned authorities.</p> <p>4. Appraisal report of real property, <u>right-of-use asset</u> or other fixed assets</p> <p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition or disposal of equipment for operation purpose, the acquisition or disposal of the Company's real property, right-of-use asset, or equipment whose amount reaches 20% of the Company's paid-in capital or</p>	<p>transaction criteria and the amount of authorization</p> <p>(1) The acquisition or disposal of the Company's real property shall refer to announced present value, the assessed value, the actual transaction price of the adjacent real property, etc. to finalize transaction criteria and transaction price before preparing the analysis report and submit to the Chairman for approval and forward to the Board of Directors for consent.</p> <p>(2) The acquisition or disposal of other fixed assets shall be handled via inquiry, price comparison, bargaining or tendering.</p> <p>(3) The capital expenditure budget should be approved first before acquisition of other fixed is approved by tiered authorities.</p> <p>(4) The disposal of other fixed assets is subject to approved by tiered authorities.</p> <p>3. Execution unit</p> <p>The acquisition or disposal of the Company's real property and fixed assets shall be executed by the Purchasing Department upon approval by the aforementioned authorities.</p> <p>4. Appraisal report of real property or other fixed assets</p> <p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition or disposal of equipment for operation purpose, the acquisition or disposal of the Company's real property or equipment whose amount reaches 20% of the Company's paid-in</p>	

Pre-amendment	Post-amendment	Reason
<p>NT\$300,000,000, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>(1) If for any special reason where restricted price, specific price, or special price must be used as reference of the transaction price, the transaction shall be authorized by the Board of Directors in advance. The above procedures shall also be observed in case the transaction criteria are changed subsequently.</p> <p>(2) If the transaction amount is over NT\$1,000,000,000, the appraisal shall be performed by at least two Professional Appraisers.</p> <p>(3) 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 Auditing Standards Bulletin No.20 published by the Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the</p>	<p>capital or NT\$300,000,000, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>(1) If for any special reason where restricted price, specific price, or special price must be used as reference of the transaction price, the transaction shall be authorized by the Board of Directors in advance. The above procedures shall also be observed in case the transaction criteria are changed subsequently.</p> <p>(2) If the transaction amount is over NT\$1,000,000,000, the appraisal shall be performed by at least two Professional Appraisers.</p> <p>(3) 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 Auditing Standards Bulletin No.20 published by the Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between</p>	

Pre-amendment	Post-amendment	Reason
<p>transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(4) 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.</p> <p>(5) Where the Company acquired or disposed assets through court auction procedures, the appraisal report or certified public accountant's opinion can be replaced by evidential documents issued by the court.</p>	<p>the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(4) 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.</p> <p>(5) Where the Company acquired or disposed assets through court auction procedures, the appraisal report or certified public accountant's opinion can be replaced by evidential documents issued by the court.</p>	
<p>Section 9: The procedures of acquisition or disposal of the Company's real property or right-of-use asset from or to the related party.</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a Related Party, in addition to adhere to procedures regulated in Section 7, the Company shall follow the relevant procedures described below to ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised properly. When the transaction amount reaches 10% or more of the Company's total assets, the Company shall also</p>	<p>Section 9: The procedures of acquisition or disposal of the Company's real property from or to the related party.</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a Related Party, in addition to adhere to procedures regulated in Section 7, the Company shall follow the relevant procedures described below to ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised properly. When the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a</p>	<p>1. Apply in conjunction with provision of IFRS 16 – “LEASES”, and include right-of-use asset into this provision.</p> <p>2. Exclusion of provision concerning the assessment</p>

Pre-amendment	Post-amendment	Reason
<p>obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the preceding provision.</p> <p>The aforementioned transaction amount shall be calculated in accordance with Section 10-1.</p> <p>When judging whether a trading counterparty is a Related Party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Assessment and operating procedures</p> <p>The Company may not acquire real property or <u>right-of-use asset</u> from a Related Party until the following information have been approved by at least half of the Audit Committee and authorized by the Board of Directors:</p> <p>(1) The purpose, necessity and anticipated benefit of the asset acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or <u>right-of-use asset</u> from a Related Party, information regarding assessment of the reasonableness of the preliminary transaction criteria in accordance with Paragraph 3 Item (1) and (4) of this Section.</p> <p>(4) The original acquisition date and price of the Related Party, and the transaction counterparty and its relationship with the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of</p>	<p>professional appraiser or a CPA's opinion in compliance with the preceding provision.</p> <p>The aforementioned transaction amount shall be calculated in accordance with Section 10-1.</p> <p>When judging whether a trading counterparty is a Related Party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Assessment and operating procedures</p> <p>The Company may not acquire real property from a Related Party until the following information have been approved by at least half of the Audit Committee and authorized by the Board of Directors:</p> <p>(1) The purpose, necessity and anticipated benefit of the asset acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real property from a Related Party, information regarding assessment of the reasonableness of the preliminary transaction criteria in accordance with Paragraph 3 Item (1) and (4) of this Section.</p> <p>(4) The original acquisition date and price of the Related Party, and the transaction counterparty and its relationship with the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and assessment of the necessity of</p>	<p>on the reasonableness of the transaction costs of the parent company, subsidiaries and the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</p>

Pre-amendment	Post-amendment	Reason
<p>signing of the contract, and assessment of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2 of Section 30 herein, and the "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and authorized by the Board of Directors shall not be included again.</p> <p><u>With respect to the following transactions engaged between the Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital,</u> the Company's Board of Directors may, pursuant to Section 7 Paragraph 1 Item 3, delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors.</p> <p><u>1. The acquisition or disposal of business-use equipment or right-of-use asset.</u></p> <p><u>2. The acquisition or disposal of business-use real property right-of-use asset.</u></p>	<p>the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2 of Section 30 herein, and the "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and authorized by the Board of Directors shall not be included again.</p> <p><u>With respect to the acquisition or disposal of business-use equipment between a public company and its parent company or subsidiaries,</u> the Company's Board of Directors may, pursuant to Section 7 Paragraph 1 Item 3, delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors.</p> <p>If the company has set up independent directors in accordance with the provisions of the Securities and Exchange Act, the opinions of the independent directors shall be fully considered when it is submitted to the Board of Directors for discussion in accordance with the above</p>	

Pre-amendment	Post-amendment	Reason
<p>If the company has set up independent directors in accordance with the provisions of the Securities and Exchange Act, the opinions of the independent directors shall be fully considered when it is submitted to the Board of Directors for discussion in accordance with the above provisions. If the independent directors have objections or reservations, it shall be stated in the minutes of the Board meeting.</p> <p>If an Audit Committee has been set up in accordance with the provisions of the Securities and Exchange Act, consent from at least half of all members of the Audit Committee shall be obtained first before forwarding to the Board of Directors for resolution; if it failed to receive consent from at least half of the members of the Audit Committee, it may be proceeded upon consent of at least two-third of all directors and the resolutions of the Audit Committee clearly stated in the minutes of the Board meeting. The so-called "All members of the Audit Committee" and "all directors" shall refer to those actual incumbents.</p> <p>3. Assessment of reasonableness of transaction costs</p> <p>(1) When acquiring or disposing assets <u>or right-of-use asset</u> from or to a Related Party, the Company shall assess the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the Related Party's transaction price plus necessary interest costs on funding and the costs to be duly borne by the buyer as may be lawful. The so-called "Necessary</p>	<p>provisions. If the independent directors have objections or reservations, it shall be stated in the minutes of the Board meeting.</p> <p>If an Audit Committee has been set up in accordance with the provisions of the Securities and Exchange Act, consent from at least half of all members of the Audit Committee shall be obtained first before forwarding to the Board of Directors for resolution; if it failed to receive consent from at least half of the members of the Audit Committee, it may be proceeded upon consent of at least two-third of all directors and the resolutions of the Audit Committee clearly stated in the minutes of the Board meeting. The so-called "All members of the Audit Committee" and "all directors" shall refer to those actual incumbents.</p> <p>3. Assessment of reasonableness of transaction costs</p> <p>(1) When acquiring or disposing assets from or to a Related Party, the Company shall assess the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the Related Party's transaction price plus necessary interest costs on funding and the costs to be duly borne by the buyer as may be lawful. The so-called "Necessary interest costs on funding" is imputed as the weighted average interest rate on borrowing in the year the Company acquired the asset; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry</p>	

Pre-amendment	Post-amendment	Reason
<p>interest costs on funding" is imputed as the weighted average interest rate on borrowing in the year the Company acquired the asset; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>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 lent 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 one year or more. However, this shall not apply where the financial institution is a Related Party of one of the transaction counterparties.</p> <p>(2) Where land and houses thereupon are combined as a single property acquired in one transaction, the transaction costs for the land and houses may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) The Company that acquired real property <u>or right-of-use asset</u> from a Related Party and appraised the cost of the real property in accordance with Paragraph 3 Item (1) and (2) of this Section shall also engage a CPA to review the</p>	<p>of Finance.</p> <p>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 lent 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 one year or more. However, this shall not apply where the financial institution is a Related Party of one of the transaction counterparties.</p> <p>(2) Where land and houses thereupon are combined as a single property acquired in one transaction, the transaction costs for the land and houses may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) The Company that acquired real property from a Related Party and appraised the cost of the real property in accordance with Paragraph 3 Item (1) and (2) of this Section shall also engage a CPA to review the appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal on real property to be acquired from a Related Party and conducted in accordance with Paragraph 3 Item (1) and (2) of this Section are uniformly lower than the transaction price, the matter shall be handled in</p>	

Pre-amendment	Post-amendment	Reason
<p>appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal on real property <u>or right-of-use asset</u> to be acquired from a Related Party and conducted in accordance with Paragraph 3 Item (1) and (2) of this Section are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 3 Item (5) of this Section. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the Related Party acquired undeveloped land or leased land for development and submit proof of compliance with one of the following conditions:</p> <p>(1) Where the undeveloped land was appraised in accordance with the means in the preceding provision, and sum of the Related Party's construction cost of the houses plus reasonable construction profit excess the actual transaction price. The so-called "Reasonable construction profit" shall refer to the average gross operating profit margin of the Related Party's construction division</p>	<p>compliance with Paragraph 3 Item (5) of this Section. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the Related Party acquired undeveloped land or leased land for development and submit proof of compliance with one of the following conditions:</p> <p>(1) Where the undeveloped land was appraised in accordance with the means in the preceding provision, and sum of the Related Party's construction cost of the houses plus reasonable construction profit excess the actual transaction price. The so-called "Reasonable construction profit" shall refer to the average gross operating profit margin of the Related Party's construction division over the past three years or the gross profit margin of the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions of unrelated parties within the past one year involving other floors of</p>	

Pre-amendment	Post-amendment	Reason
<p>over the past three years or the gross profit margin of the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions of unrelated parties within the past one year involving other floors of the same property or neighboring land, where the land area and transaction criteria are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions of unrelated parties for other floors of the same property within the past one year, where the transaction criteria are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquiring real property or <u>right-of-use asset</u> from a Related Party provides evidence that the transaction criteria are similar to that of the completed acquisition of neighboring land of a similar size of unrelated parties within the past one</p>	<p>the same property or neighboring land, where the land area and transaction criteria are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions of unrelated parties for other floors of the same property within the past one year, where the transaction criteria are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquiring real property from a Related Party provides evidence that the transaction criteria are similar to that of the completed acquisition of neighboring land of a similar size of unrelated parties within the past one year. The aforementioned completed transactions of neighboring land 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; “transaction of similarly sized parcels” refers to those completed by unrelated parties for parcels with a land area of no less</p>	

Pre-amendment	Post-amendment	Reason
<p>year. The aforementioned completed transactions of neighboring land 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; “transaction of similarly sized parcels” refers to those completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; “within the past one year” refer to one year back from the actual date of acquisition of the real property.</p> <p>(5) Where the Company acquires real property <u>or right-of-use asset</u> from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraph 3 Item (1) and (2) of this Section are uniformly lower than the transaction price, the following steps shall be taken. For the Company and the public company investing in the Company under equity method that has set aside a special reserve according to the following provisions may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, 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</p>	<p>than 50% of the property in the planned transaction; “within the past one year” refer to one year back from the actual date of acquisition of the real property.</p> <p>(5) Where the Company acquires real property from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraph 3 Item (1) and (2) of this Section are uniformly lower than the transaction price, the following steps shall be taken. For the Company and the public company investing in the Company under equity method that has set aside a special reserve according to the following provisions may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, 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 obtained FSC’s consent.</p> <p>1. The Company shall set aside a special reserve against the difference between the real property transaction price and the appraised cost in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, which may not be distributed or used for capital increase or issuance</p>	

Pre-amendment	Post-amendment	Reason
<p>obtained FSC's consent.</p> <ol style="list-style-type: none"> 1. The Company shall set aside a special reserve against the difference between the real property transaction price and the appraised cost in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, which may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses equity method to account for its investment in the Company, a special reserve shall be set aside pro rata in a proportion in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act. 2. The Audit Committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to Sub-item 1 and 2, Item (5), Paragraph 3 of this Section shall be reported to shareholders' meeting, and details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>(6) If any of the following circumstances incurred when the Company acquired real property <u>or right-of-use asset</u> from the Related Party, it shall be handled in accordance with Paragraph 1 and Paragraph 2 of this Section regarding the assessment and operating procedures, while omitting Item (1), (2) and (3), Paragraph 3 of this Section concerning the assessment on</p>	<p>of bonus shares. Where a public company uses equity method to account for its investment in the Company, a special reserve shall be set aside pro rata in a proportion in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.</p> <ol style="list-style-type: none"> 2. The Audit Committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to Sub-item 1 and 2, Item (5), Paragraph 3 of this Section shall be reported to shareholders' meeting, and details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>(6) If any of the following circumstances incurred when the Company acquired real property from the Related Party, it shall be handled in accordance with Paragraph 1 and Paragraph 2 of this Section regarding the assessment and operating procedures, while omitting Item (1), (2) and (3), Paragraph 3 of this Section concerning the assessment on the reasonableness of the transaction costs:</p> <ol style="list-style-type: none"> 1. Where the Related Party acquired the real property via inheritance or gift. 2. Where it has been more than five years from the date the Related Party entered into contract to acquire the real property to the date of entering into the transaction. 3. Where the real property was 	

Pre-amendment	Post-amendment	Reason
<p>the reasonableness of the transaction costs:</p> <ol style="list-style-type: none"> 1. Where the Related Party acquired the real property or <u>right-of-use asset</u> via inheritance or gift. 2. Where it has been more than five years from the date the Related Party entered into contract to acquire the real property or <u>right-of-use asset</u> to the date of entering into the transaction. 3. Where the real property was acquired by signing a contract with the Related Party. 4. Where <u>business-use real property right-of-use assets were acquired among the Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.</u> <p>(7) When the Company acquired real property from a Related Party, it shall also comply with Item (5) Paragraph 3 of this Section if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>acquired by signing a contract with the Related Party.</p> <p>(7) When the Company acquired real property from a Related Party, it shall also comply with Item (5) Paragraph 3 of this Section if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
<p>Section 10: The procedures of acquisition or disposal of memberships or intangible assets.</p> <p>(1) Assessment and operating procedures, and the execution unit The acquisition or disposal of memberships, intangible assets or <u>right-of-use asset</u> shall refer to fair market price to finalize transaction criteria and transaction price before preparing the analysis report and submit to the Chairman for</p>	<p>Section 10: The procedures of acquisition or disposal of memberships or intangible assets.</p> <p>(1) Assessment and operating procedures, and the execution unit The acquisition or disposal of memberships or intangible assets shall refer to fair market price to finalize transaction criteria and transaction price before preparing the analysis report and submit to the Chairman for approval and</p>	<p>Apply in conjunction with provision of IFRS 16 – “LEASES”, and include right-of-use asset into this provision.</p>

Pre-amendment	Post-amendment	Reason
<p>approval and forward to the Board of Directors for resolution.</p> <p>(2) Expert assessment report on memberships or intangible assets Where the transaction amount of the acquired or disposed memberships, intangible assets <u>or right-of-use asset</u> reached 20% of the Company's paid-in capital or NT\$300,000,000 or more, except for the transactions with <u>domestic</u> government agencies, the Company shall engage Certified Public Accountant prior to the date of the event to express an opinion on the reasonableness of the transaction price, and the Certified Public Accountant shall do so in accordance with the provisions of Auditing Standards Bulletin No.20 published by the Accounting Research and Development Foundation ("ARDF").</p>	<p>forward to the Board of Directors for resolution.</p> <p>(2) Expert assessment report on memberships or intangible assets Where the transaction amount of the acquired or disposed memberships or intangible assets reached 20% of the Company's paid-in capital or NT\$300,000,000 or more, except for the transactions with government agencies, the Company shall engage Certified Public Accountant prior to the date of the event to express an opinion on the reasonableness of the transaction price, and the Certified Public Accountant shall do so in accordance with the provisions of Auditing Standards Bulletin No.20 published by the Accounting Research and Development Foundation ("ARDF").</p>	
<p>Section 13: Information disclosure procedure</p> <p>1. Circumstances to be announced or reported and the reporting criteria If any of the following conditions relates to the Company's acquisition or disposal of assets, the relevant information shall be announced and reported in the appropriate format as prescribed by regulations within two days commencing immediately from the Date of occurrence of the Event:</p> <p>(1) Acquisition or disposal of the Company's real property or <u>right-of-use asset</u> from or to a related party, or the acquisition or disposal of assets other than real property or <u>right-of-use asset</u> from or to a related party where the transaction amount reached 20% of the Company's paid-in capital, or 10% or NT\$300,000,000 or more of</p>	<p>Section 13: Information disclosure procedure</p> <p>1. Circumstances to be announced or reported and the reporting criteria If any of the following conditions relates to the Company's acquisition or disposal of assets, the relevant information shall be announced and reported in the appropriate format as prescribed by regulations within two days commencing immediately from the Date of occurrence of the Event:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reached 20% of the Company's paid-in capital, or 10% or NT\$300,000,000 or more of the Company's total assets; provided, however, that this</p>	<p>Apply in conjunction with provision of IFRS 16 – “LEASES”, and include right-of-use asset into this provision.</p>

Pre-amendment	Post-amendment	Reason
<p>the Company's total asset; provided, however, that this shall not apply to the trading of <u>domestic</u> government bonds, bonds under repurchase and resale agreements, and the purchase or redemption of domestic money market funds issued by domestic securities investment trusts.</p> <p>(2) Merger, demerger, acquisition or transfer of shares.</p> <p>(3) The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.</p> <p>(4) The types of assets acquired or disposed of are business-use equipment, and the transaction counterparty is not a related party, and the transaction amount reached one of the following provisions:</p> <p>1. Transaction amount of NT\$500,000,000 or more if it is a public company with paid-in capital of less than NT\$10,000,000,000.</p> <p>2. Transaction amount of NT\$1,000,000,000 or more if it is a public company with paid-in capital of more than NT\$10,000,000,000.</p> <p>(5) Where the type of real property <u>or right-of-use asset</u> acquired or disposed is equipment for construction use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500,000,000.</p> <p>(6) Where the real property was acquired through contracting third parties to construct on land owned or rented by the Company, joint construction</p>	<p>shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds issued by domestic securities investment trusts.</p> <p>(2) Merger, demerger, acquisition or transfer of shares.</p> <p>(3) The loss of trading derivatives reaches the limit for all or individual contract set forth in the Procedures for Financial Derivatives Transactions.</p> <p>(4) The types of assets acquired or disposed of are business-use equipment, and the transaction counterparty is not a related party, and the transaction amount reached one of the following provisions:</p> <p>1. Transaction amount of NT\$500,000,000 or more if it is a public company with paid-in capital of less than NT\$10,000,000,000.</p> <p>2. Transaction amount of NT\$1,000,000,000 or more if it is a public company with paid-in capital of more than NT\$10,000,000,000.</p> <p>(5) Where the type of real property acquired or disposed is equipment for construction use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500,000,000.</p> <p>(6) Where the real property was acquired through contracting third parties to construct on land owned or rented by the Company, joint construction of separately owned housing units, joint construction of shared ownership housing units, or joint construction for</p>	

Pre-amendment	Post-amendment	Reason
<p>of separately owned housing units, joint construction of shared ownership housing units, or joint construction for separately retailed housing units, and the amount the Company expects to invest in the transaction is more than NT\$500,000,000.</p> <p>(7) Except for the asset transactions prescribed in Item (6), the transaction amount of financial institution's disposal of creditor's rights or the investment engaged in China reached 20% or NT\$300,000,000 or more of the Company's paid-in capital; provided that this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of <u>domestic</u> government bonds. 2. For investment professional, the securities it traded at domestic or foreign stock exchanges of securities companies, or ordinary corporate bonds and non-equity ordinary financial debentures issued in the domestic primary market it subscribed; for securities firm, the securities it subscribed pursuant to the rules of Taipei Exchange for the purpose of meeting the demand of its underwriting business or when it recommended to emerging company upon consultation. 3. Trading of bonds under repurchase/resale agreements and the purchase or redemption of domestic money market funds issued by domestic 	<p>separately retailed housing units, and the amount the Company expects to invest in the transaction is more than NT\$500,000,000.</p> <p>(7) Except for the asset transactions prescribed in Item (6), the transaction amount of financial institution's disposal of creditor's rights or the investment engaged in China reached 20% or NT\$300,000,000 or more of the Company's paid-in capital; provided that this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. For investment professional, the securities it traded at domestic or foreign stock exchanges of securities companies, or ordinary corporate bonds and non-equity ordinary financial debentures issued in the domestic primary market it subscribed; for securities firm, the securities it subscribed pursuant to the rules of Taipei Exchange for the purpose of meeting the demand of its underwriting business or when it recommended to emerging company upon consultation. 3. Trading of bonds under repurchase/resale agreements and the purchase or redemption of domestic money market funds issued by domestic securities investment trusts. <p>The amount of transactions above shall be calculated as follows:</p>	

Pre-amendment	Post-amendment	Reason
<p>securities investment trusts. The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>2. Announcement and reporting deadline</p> <p>If the acquired or disposed asset meets the announcement requirement prescribed in Paragraph 1 of this Section and the transaction amount reaches the reporting criteria of this Section, the Company shall, within two days from the date of the occurrence of the event, file an announcement in accordance with the contents of the announcement format prescribed by the competent authority. All items should be announced again within two days from the date of knowing if any item required to be disclosed is incorrect or missing during the original announcement.</p>	<ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>2. Announcement and reporting deadline</p> <p>If the acquired or disposed asset meets the announcement requirement prescribed in Paragraph 1 of this Section and the transaction amount reaches the reporting criteria of this Section, the Company shall, within two days from the date of the occurrence of the event, file an announcement in accordance with the contents of the announcement format prescribed by the competent authority. All items should be announced again within two days from the date of knowing if any item required to be disclosed is incorrect or missing during the original announcement.</p> <p>3. Announcement and reporting procedures</p> <p>(1) The Company shall announce or report relevant information</p>	

Pre-amendment	Post-amendment	Reason
<p>3. Announcement and reporting procedures</p> <p>(1) The Company shall announce or report relevant information on the website designated by the Securities and Futures Institute.</p> <p>(2) The Company shall compile monthly report on the derivatives trading status of itself and its subsidiaries (excluding domestic public companies) up to the end of the preceding month and post the information according to the prescribed format on the reporting website designated by the Securities and Futures Institute prior to the 10th of each month.</p> <p>(3) The Company shall announce all items again if any item required to be disclosed is incorrect or missing during the original announcement.</p> <p>(4) The contracts, minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, unless otherwise specified by other laws and regulation, be kept in the Company for at least five years.</p> <p>(5) After the Company reported the transactions as per this Section, the relevant information shall be reported on the website designated by the Securities and Futures Institute within two days from the date of the event if any one of the following circumstances incurred:</p> <p>1. The contract entered in in</p>	<p>on the website designated by the Securities and Futures Institute.</p> <p>(2) The Company shall compile monthly report on the derivatives trading status of itself and its subsidiaries (excluding domestic public companies) up to the end of the preceding month and post the information according to the prescribed format on the reporting website designated by the Securities and Futures Institute prior to the 10th of each month.</p> <p>(3) The Company shall announce all items again if any item required to be disclosed is incorrect or missing during the original announcement.</p> <p>(4) The contracts, minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, unless otherwise specified by other laws and regulation, be kept in the Company for at least five years.</p> <p>(5) After the Company reported the transactions as per this Section, the relevant information shall be reported on the website designated by the Securities and Futures Institute within two days from the date of the event if any one of the following circumstances incurred:</p> <p>1. The contract entered in in connection with the original transaction has been changed, terminated or cancelled.</p>	

Pre-amendment	Post-amendment	Reason
<p>connection with the original transaction has been changed, terminated or cancelled.</p> <p>2. The merger, demerger, acquisition or transfer of shares failed to complete according to the contractual schedule.</p> <p>3. Changes in the original announcement.</p>	<p>2. The merger, demerger, acquisition or transfer of shares failed to complete according to the contractual schedule.</p> <p>3. Changes in the original announcement.</p>	

Annex I

ELAN MICROELECTRONICS CORPORATION Rules Governing the Proceedings of Shareholders Meeting

1. Unless otherwise provided by the rules and regulation or Articles of Association, the shareholders meeting of the Company shall be subject to the Rules.
2. The “shareholder” mentioned in the Rules shall refer to the shareholder itself and proxy who present on behalf of the shareholder.
3. The Company shall specify the time and venue of accepting registration of the shareholders and other precautions in the notice of the meeting.

The aforementioned time of accepting registration of the shareholders shall be at least 30 minutes before the commencement of the meeting; the registration location shall be clearly marked and equipped with adequate personnel.

The voting rights are calculated according to the attendance book or the attendance card submitted at the time the shareholder registered. The shareholder (or proxy) listed on the attendance card delivered to the Company shall be deemed to be present in personal; the Company shall not be held responsible for the verification. The attendance and voting at the shareholders' meeting shall be based on the shares.
4. The place where the shareholders' meeting of the company is convened shall be at the place where the Company is located or where it is convenient for the shareholders to attend and suitable for holding the shareholders' meeting. The meeting shall commence no earlier than 9:00 am or no later than 3 pm.
5. The Company may assign lawyer(s), CPA(s) or related personnel to be attend the shareholders' meeting. Staff attending the shareholders' meeting shall wear an identification card or armband.
6. The Company shall record and video tape the entire process of the shareholders' registration process, the meeting process, and the ballot counting process since the time of accepting the shareholders' registration.

The aforementioned audio-video materials shall be kept for at least one year. However, if a shareholder filed a litigation in accordance with Article 189 of the Company Act, the said audio-video materials shall be kept until the end of the litigation.
7. The chairman shall announce the commencement of the meeting at the time of the meeting. However, if the number of shareholders present failed to represent at least half of the total number of issued shares, the chairman may announce the postponement of the meeting, the number of which shall be limited to two times and the total time of postponement shall not exceed one hour. When the number of shareholders present still does not constitute the quorum, but those present represent one-third or more of the total

number of issued shares, a tentative resolution may be passed by a majority of those present pursuant to Paragraph 1 Article 175 of the Company Act; provided that, if the number of shareholders present reached at least half of the total number of issued shares prior to the end of the meeting, the tentative resolution so made shall be re-proposed for resolution of the meeting pursuant to Article 174 of the Company Act.

8. For a shareholders' meeting convened by the Board of Directors, its agenda shall be set by the Board of Directors; the meeting shall be held in accordance with the scheduled agenda and shall not be changed without resolution of the shareholders' meeting. For a shareholders' meeting convened by convener other than the Board of Directors, the provision prescribed in the preceding paragraph shall apply. The chairman may not announce meeting adjourned prior to the end of the scheduled agenda mentioned in the preceding two paragraphs without a resolution.

If the chairman violated the rules of procedure and announced meeting adjourned, one may be elected as an acting chairman upon consent of a majority of the shareholders present and continue the meeting.

After the meeting is adjourned, except for the circumstances prescribed in the preceding paragraph, the shareholders may not elect an acting chairman to continue the meeting at the original venue or another place.

9. When a shareholder wishes to speak, he/she must first submit request slip stating his/her attendance card number (or shareholder number), name and subject of the speech, and the chairman shall arrange the order of his/her speech. The attending shareholders who submitted the request slip but did not speak shall be deemed as have not spoken. If the content of the speech is inconsistent with the contents of the request slip, the content of the speech shall prevail. When the attending shareholder is speaking, other shareholders shall not, unless agreed by the chairman and the speaking shareholder, interfere; the chairman shall request those who so violate to stop such behavior.
10. Each shareholder shall not speak in the same motion for more than two times without consent of the chairman and shall not exceed five minutes each time. Shareholder whose speech violated the provisions of the preceding paragraph or exceeds the scope of the motion, the chairman may stop his/her speech.
11. When a legal person is attending the shareholders' meeting, it may assign only one representative to attend. If the legal person shareholder assigns more than two representatives to attend the shareholders meeting, only one person may speak in the same motion.
12. After the attending shareholder made his/her speech, the chairman may reply in personal or designate a relevant person to make a reply.
13. If the Chairman believes that the motion is ready to enter the voting procedure after the discussion, he may declare ending of the discussion and call for a vote.

14. A shareholder may, at each shareholder meeting, issue a power of attorney printed by the Company specifying the scope of authorization to entrust a proxy to attend the shareholders' meeting.

A shareholder who issues a power of attorney is limited to entrust one person only, and the power of attorney shall be served to the Company within five days prior to the commencement of the shareholders' meeting. If there is more than one power of attorney, the first one served shall prevail; however, this shall not apply to the one so entrusted prior to the cancellation.

If a shareholder wishes to attend the shareholders' meeting in person after the power of attorney is delivered to the Company, he/she shall notify the Company in writing of the cancellation of the entrustment within two days prior to the commencement of the shareholders' meeting; if the cancellation failed to be made in time, the voting rights exercised by the proxy so entrusted shall prevail.

15. The chairman may determine when to call for a break during the meeting at his/her own discrete.

16. Except for those set forth in Paragraph 2, Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and Articles of the Company, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

If there is an amendment or alternative proposal to the same motion, the chairman shall arrange the order of voting along with the original proposal. If one of the proposals is authorized, the other proposals shall be deemed to be vetoed and no further votes are required.

The inspector and ballot clerk for the voting of the motion shall be appointed by the chairman, provided that the inspector must be a shareholder.

The ballots of the voting at the shareholders' meeting or for an election motion shall be counted at the public location in the venue of the shareholders' meeting; the result (including the votes received) shall be announced on the spot and documented.

Election of a director at shareholders' meeting shall be handled according to the Company's rules governing the relevant appointment, and results (including the list of elected directors and independent directors and the votes received) of the election shall be announced on the spot.

17. If there is an amendment or alternative proposal to the same motion, the chairman shall arrange the order of voting along with the original proposal. If one of the proposals is authorized, the other proposals shall be deemed to be vetoed and no further votes are required.

18. The chairman may direct the pickets (or security personnel) to help maintain order of the venue. The pickets (or security personnel) shall wear "PICKET" arm badge when maintaining order on site.
19. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be affected by means of electronic transmission.

The Company may distribute the minutes as required in the preceding Paragraph by means announcing on public information observatory.

The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the company.
20. The Rules shall be implemented upon approval of the shareholders' meeting, and the same shall apply upon the amendments.

Annex II

ELAN MICROELECTRONICS CORPORATION **Articles of Association**

Chapter I General Provision

Section 1: The Company was incorporated pursuant to the Company Act and namely as ELAN MICROELECTRONICS CORPORATION.

Section 2: The Company's business are as follows:

1. CC01080 Electronic Parts and Components Manufacturing.
2. CC01110 Computers and Computing Peripheral Equipments Manufacturing.
3. CA02990 other Other Fabricated Metal Products Manufacturing Not Elsewhere Classified (non-domestic only).
4. F401010 International Trade.
5. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
(Research, development, production and sales of the following products:
 1. Neural-Fuzzy IC
 2. Digital Signal Processor
 3. 8-Bit DISC Micro-Controller
 4. ASIC
 5. Concurrently engage in import and export business related to the company's businesses.)

If the Company shift in investment to be a shareholder of a limited liability company, its total investment shall exceed 40% of the paid-in capital of the company. In addition, the Company shall provide external guarantees to related peers for business needs and endorse for loan guarantee to relevant institutions and financial institutions.

Section 3: The Company's head office is located in Hsinchu Science Park. Branch(es) or office(s) may be established domestically and/or aboard, if necessary, upon resolution of the Board of Directors.

Chapter II Shares

Section 5: The total capital of the Company is NT\$4,800,000,000, which are divided into 480,000,000 shares at NT\$10 par value to be issued in installments. The Board of Directors is authorized to issue the unissued shares based on actual needs upon resolution. Among the aforementioned total shares, 45,000,000 shares must be reserved for call options exercised by corporate bond with warrants, preferred stocks with warrants, and stock option certificates.

- Section 5-1: If the Company intends to buy-back shares for the purpose of transferring to its employees at a price lower than the average price of the actual buy-back shares in accordance with the law and regulations, it may do so upon consent of more than two-thirds of the attending shareholders who present at least half of the total number of shares issued.
- If the Company intends to issue employees stock option certificates at a price lower than the closing price of the Company's stock at the date of issuance in accordance with the law and regulations, it may do so upon consent of more than two-thirds of the attending shareholders who present at least half of the total number of shares issued.
- Section 6: The stocks issued by the Company are exempt from printing, provided that it shall be registered with the centralized securities custody institution.
- Section 7: Shareholders shall report the name and address and submit signature card to the Company for recordation. If the seal is lost, a guarantor shall be required to report the loss to the Company in writing, and the shareholder is required to post on the Company's local daily newspaper announcing that the said seal is invalidated before replacing with the new seal.
- Section 8: Except as otherwise provided by the decree or the competent authority of securities, the Company handles the share-related operations for the shareholders pursuant to the Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies.
- Section 9: —
- Section 10: The transfer of stocks will be suspended within 60 days prior to the shareholders' meeting, or within 30 days prior to the special shareholders' meeting, or within 5 days prior to the date the Company determined to distributed dividends, bonus or other benefits.
- Chapter III Shareholders' meeting**
- Section 11: Meetings of shareholders are classified into general meeting and special meeting. The general meeting is convened once a year within six months after end of each fiscal year, while the special meeting is convened in compliance with the laws and regulations when necessary.
- Section 12: When the shareholders' meeting is held, the Chairman shall preside the shareholders' meeting as the chairman. In case the Chairman is absent, the Chairman shall appoint a director to act on his behalf. In case nobody was appointed, an acting chairman shall be elected among the directors.
- Section 13: A shareholder who's unable to attend a shareholders' meeting may appoint a proxy to attend in his/her/its behalf by executing a power of attorney pursuant to Article 177 of the Company Act.
- Section 13-1: A shareholder's voting power may be exercised in writing or by way of

electronic transmission when the Company convenes Shareholders' meeting. A shareholder who exercises voting power in writing or way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting. The declarations of its intention shall be made pursuant to Article 177-2 of the Company Act.

Section 14: Each shareholder of the Company shall have one voting power in respect of each share in his/her/its possession. However, those shares held pursuant to Article 179 of the Company Act shall have no voting power.

Section 15: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the relevant laws and regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Section 16: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The the aforementioned distribution of the minutes of shareholders' meeting may be effected by means of a public notice. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes, along with the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies, shall be kept at the Company.

Chapter IV Directors and Supervisors

Section 17: The Company shall have 7~9 competent directors elected by the shareholders' meeting, whose term shall be 3 years, and the re-elected one may continue serving the office. The aforementioned number of directors shall include at least three independent directors and no less than one-fifth of total number of directors.

Section 17: A candidate nomination system is adopted for the election of directors pursuant to Article 192-1 of the Company Act. Relevant matters such as the acceptance method and announcement of the nomination of director candidate shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall be elected at the same time and calculate the number of elected seats respectively.

Section 17-1: The Company's Board of Directors may set up a Remuneration Committee

- or other functional committee for the needs of business operations.
- Section 17-2: The Company shall set up an Audit Committee pursuant to the Securities and Exchange Act.
- Section 18: When the number of vacancies in the Board of Directors equals to one third of the total number of directors, the Board of Directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. However, the term of office shall be limited to the term of the original director.
- Section 19: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
- Section 20: In case the directors organized a Board of Directors, it shall elect a Chairman from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, who shall execute all business of the Company in accordance with the laws and regulation, the Articles of Association, and the resolutions of the shareholders' meeting and the Board of Directors. The Board of Directors may notify the directors in writing, by e-mail or by fax when convening a meeting. The Board of Directors may take part in visual communication meeting, and the directors who taking part in such a visual communication meeting shall to have attended the meeting in person.
- Section 21: The following business policies of the Company shall be authorized by resolution of the Board of Directors before implementation:
- Changing Articles of Association.
 - Establishment or abolition of a branch.
 - Review budget and closing.
 - The appointment and discharge of the Company's visa Certified Public Accountant and lawyer.
 - The approval of the Company's shift in investment or other business, or transfer of its shares that exceeds 20% or more of the Company's paid-in capital (or authorize the Chairman to take charge if it is less than 20% of the paid-in capital, provided that it shall be subsequently reported to the earliest Board meeting for recordation).
 - Review of major capital expenditure plans.
 - Proposals of capital increase and capital decrease.
 - The approval on major transactions incurred between the Company and its related parties.
 - The approval on major contracts or other significant matters.
 - Other authorities to be vested by the laws and regulations and shareholders' meetings.

Except except for the first meeting of each term of the Board of Directors which shall be convened by the director pursuant to Article 203 of the Company Act, the rest shall be convened and presided by the Chairman. If the chairman is unable to perform his duties for any reason, the board of directors shall appoint one of the directors to act as the agent. The directors push each other's agents. In case the Chairman is unable to perform its duty, the Chairman shall appoint a director to act on his behalf. In case nobody was appointed, an acting chairman shall be elected among the directors.

Section 22: Unless otherwise provided by the Company Act, a Board meeting shall require attendance of more than half of the directors, and any action shall require consent of majority of the directors. A director who's unable to attend a Board meeting may appoint other director as a proxy (one proxy per director only) to attend the Board meeting in his/her/its behalf by executing a power of attorney, listing the scope of authorization for the subject matter of the convened meeting.

Section 23: Minutes shall be taken of the proceedings of the meeting of the board of directors, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all directors within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be affected by means of electronic transmission. The minutes shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes, along with the attendance list bearing the signatures of directors present at the meeting and the powers of attorney of the proxies, shall be kept at the Company.

Section 24: —

Section 24-1: Remuneration of the Company's director (including independent director) is assessed by the Remuneration Committee based on its degree of participation and contribution in the Company's operations, and the Board of Directors is authorized to grant approval based on the assessment of the Remuneration Committee and the usual level of remuneration offered by the peers.

The Company may purchase liability insurance for the directors during the term of their employment based on the legal liability of their business scope, and the Board of Directors is authorized to resolve the scope of the said insurance.

Chapter V Manager and staff

Section 25: The Company may, upon resolution of the Board of Directors, set up one chief executive, one general manager and several vice presidents who shall

be appointed and discharged pursuant to Article 29 of the Company Act.

Chapter VI Closing

Section 28: At the end of the Company's fiscal year, the Board of Directors shall furnish the following statements and submit them to the shareholders' meeting for acknowledgement:

1. Business Report.
2. Financial statements.
3. Surplus earnings distribution or loss make-up proposal.

Section 29: If the Company incurred profit in a year, it shall appropriate no less than 10% as employee compensation and no more than 2% as directors' remuneration. However, if the Company still has accumulated losses, it shall reserve amount to make-up for losses.

Section 29-1: If there is any surplus at the Company's annual closing, it shall first pay taxes and make up for accumulated losses before appropriate 10% as legal reserve; however, this does not apply if the legal reserve has reached the Company's paid-in capital amount. In addition, special reserves would be required depending on the Company's operational needs and the laws and regulations. Any remaining surplus shall be combined with the beginning undistributed earnings for the Board of Directors to propose Surplus Earning Distribution to the shareholders' meeting for resolution. The dividend payout ratios are as follows:

The amount of surplus to be distributed in the year shall not be less than 50% of the accumulated distributable surplus; the cash dividend shall not be less than 10% of the total dividend.

Chapter VII Supplemental Provisions

Section 30: The Company's organization and rules of practice are subject to separate stipulations.

Section 31: Any matters not specified in the Articles shall be subject to the Company Act and other rules and regulations.

Section 32: The Articles was established on April 28, 1994.

The 1st amendment was on July 14, 1994.

The 2nd amendment was on June 14, 1997.

The 3rd amendment was on May 18, 1998.

The 4th amendment was on June 23, 1999.

The 5th amendment was on March 30, 2000.

The 6th amendment was on June 20, 2001.

The 7th amendment was on June 26, 2002.

The 8th amendment was on June 3, 2003.

The 9th amendment was on June 1, 2004.
The 10th amendment was on June 12, 2006.
The 11th amendment was on June 11, 2007.
The 12th amendment was on June 13, 2008.
The 13th amendment was on June 9, 2010.
The 14th amendment was on June 12, 2012.
The 15th amendment was on June 13, 2013.
The 16th amendment was on June 24, 2014.
The 17th amendment was on June 2, 2015.
The 18th amendment was on June 8, 2016.
The 19th amendment was on June 20, 2017.
The 20th amendment was on June 11, 2018.

ELAN MICROELECTRONICS CORPORATION

Chairman Yeh, I-Hau

Annex III

ELAN MICROELECTRONICS CORPORATION

Guidelines Governing the Election of Directors

- Section 1 Unless otherwise provided by the Company Act, the Securities and Exchange Act, Articles of Association and relevant rules and regulations, election of the Company's director shall be subject to the Guidelines.
- Section 2 The election of the Company's directors shall be conducted in the shareholders' meeting, where the Company shall prepare the ballots specifying the voting rights. The shareholders' voting rights may be exercised in writing or by way of electronic transmission, of which will be set out in the notice convening the shareholders' meeting.
- Section 3 In the election of the Company's directors, the name of each elector may be registered by the shareholder's attendance code.
- Section 4 A candidate nomination system is adopted for the election of independent directors pursuant to Article 192-1 of the Company Act. Relevant matters such as the acceptance method and announcement of the nomination of director candidate shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act.
- Section 5 The election of the Company's directors (including independent directors) adopts cumulative voting method, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. Independent directors and non-independent directors shall be elected at the same time and calculate the number of elected seats respectively.
- Section 6 In the election of the Company's directors, a candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. If two or more directors received the number of ballots and exceed the prescribed quota, they shall make a determining draw and the chairman may perform the draw on behalf of the one who is absent.
- Section 7 At the commencement of the election, the chairman shall designate two shareholders as inspectors and several shareholders as poll clerks to perform related duties.
- Section 8 The ballot box shall be prepared by the Company and shall be opened by the inspector to the public for inspection before casting votes.
- Section 9 If the electee is a shareholder, the elector should fill in the name and account number of the electee and number of voting rights casted on the "electee" sections of the ballot; if the electee is not a shareholder, the elector should fill in the name and ID number of the electee and number of voting rights casted on the "electee" sections of the ballot. However, if the electee is a government or legal person shareholder, shall the full name of the government or legal person or the name of the representative of the government or legal person shall be filled in.
- Section 10 Upon the occurrence of any one of the following circumstances, the ballots

shall be deemed invalid.

- (1) Ballots casted outside of the ballot box.
- (2) Ballots not furnished by the Company.
- (3) Blank ballots.
- (4) Where the electee is a shareholder, but its name and account number are inconsistent with that of the shareholders roster; where the electee is a non-shareholder, but its name and identity document number are inconsistent with that of the ballot.
- (5) The name and account number (or identity document number) of the electee and number of voting rights casted are mixed with other written letters and/or signs.
- (6) The writing is blurred and unrecognizable.
- (7) Where there is correction mark on the filled-in name or account number (or identity document number) of the electee or number of voting rights casted.
- (8) The name of the electee is the same as that of other shareholder, and shareholder account number (or identity document number) was not filled in for identification
- (9) The total number of voting rights casted by the electors exceeds total voting rights held by the electors.
- (10) The number of electees exceeds the candidate quota.

Section 11 The ballots shall be counted on the spot upon completion of voting, and the result shall be announced by the chairman on the spot.

Section 12 The Guidelines shall be implemented upon approval of the shareholders' meeting, and the same shall apply upon the amendments.

Annex IV

Shareholding Status of All Directors

1. Pursuant to Article 26 of the Securities and Exchange Law and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies:
 - (1) The Company's paid-in capital is 303,880,392 shares.
 - (2) The total shares held by all directors of the Company shall not be less than 12,155,215 shares of the Company's issued shares.
2. The number of shares held by the Company's directors listed in the shareholders roster as of the share transfer suspension date of the shareholders' meeting are as follows:

title	name	apointment date	term	shareholders roster as of the share transfer suspension date	
				Number of shares held	proportion
Chairman	Yulong Investment Co., Ltd. Representative: YEH, I-HAU	June 11, 2018	3 years	7,083,059	2.33%
director	YEN, KUO-LUNG	June 11, 2018	3 years	2,002,555	0.66%
director	Zonglong Investment Co., Ltd. Representative: WEI, CHI-LIN	June 11, 2018	3 years	3,078,903	1.01%
director	CHIU, TE-CHENG	June 11, 2018	3 years	0	0
independent director	LIN, HSIEN-MING	June 11, 2018	3 years	0	0
independent director	CHEN, HOMIN	June 11, 2018	3 years	0	0
Total				12,164,517	4.00%

Note: The share transfer suspension date of the current general meeting of shareholders is April 12, 2019 to June 10, 2019.

Annex V

Employee Bonus and Directors and Supervisors' Remuneration

The Company's 2018 Surplus Earning Distribution has been authorized by the Board of Directors, and the employee compensation and directors' remuneration to be distributed are as follows:

1. The amount of employee compensation and directors' remuneration to be distributed:
 1. Employee compensation: NT\$226,000,000.
 2. Directors' remuneration: NT\$29,000,000.
2. There is no difference between the Board's proposed amount of distribution of employee compensation and directors' remuneration of directors with that of recognized in the estimated expenditure of the year.

Annex VI

The impact of the stock grants proposed during this shareholders meeting on the company's business performance and earnings per share: N/A

The Company did not disclose 2019 financial forecasts in accordance with the regulations, thus does not apply.