

CMMT Polarizer

TWSE:4960

CHENG MEI MATERIALS TECHNOLOGY CORP. 2019 Extraordinary General Meeting



Date: 9:00 am 26th April 2019

Venue : No. 8 Xinshi Dist., Tainan City 744 (Concert hall at tree valley park)

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CHENG MEI MATERIALS TECHNOLOGY CORPORATION

Extraordinary General Meeting on April 26, 2019

Call the Meeting to Order

Convener Remarks

Election Matters

Other Matters

Motions

Adjournment

CHENG MEI MATERIALS TECHNOLOGY CORPORATION

Extraordinary General Meeting on April 26, 2019

Time : 9:00am, April 26(Fri), 2019

Venue : No. 8 Xinshi Dist., Tainan City 744 (Concert hall at tree valley park)

I. Call the Meeting to Order

II. Convener Remarks

III. Election Matters

Director by-election of the 7th term Directors and Independent directors

IV. Other Matters

Discussion on the relief of certain Directors from their non-competition obligations.

V. Motions

VI. Adjournment

Election Matters (Proposed by the Auditing Committee)

Director by-election of the 7th term Directors and Independent directors

Explanations :

1. For the best interest of all stakeholder of the company, and for the sustainable operation of the company in the future. The auditing committee of the company resolved to call an Extraordinary General Meeting on 26th April 2019 for director by-election of the directors and independent directors of the company in accordance with the Article 199-1 of the Company Act.
2. Pursuant to the Article 15 and the Article 15-1 of the Articles of Incorporation. The company is of a board of directors comprising of 5 to 9 directors (no less than 3 independent directors). The candidates must be nominated through a nomination process. 7 directors including 3 independent directors will be elected in this Extraordinary General Meeting.
3. The term of the current board of directors (including independent directors) will be ended when the new board of directors are elected at the Extraordinary General Meeting. The term of the new board of directors will be started from 26th April 2019 to 25th April 2022.
4. The nominated candidates were approved by the convener on 29th March 2019 :

Type	Name of the nominee	Education	Experiences	Current occupation
Director	Jau-Yung Ho	Bachelor of the Chemical engineering, National Cheng Kung University	(1) Chairman of CMMT (2) Chairman of CMVT (3) Chairman of CMT Kunshan	Chairperson of CMMT
Director	Wen-Hsiung Chan	Master of International Business, Graduated School National Taiwan University	(1) Chairperson of ECSC (2) Chairperson and General Manager of iCatch Techonology Co., Ltd.	(1) Chairperson of ECSC (2) Chairperson and General Manager of iCatch Techonology Co., Ltd.

Director	Lai-Huang Lo representing BeyondPV Co., Ltd.	Master of Business Administration at University of Manchester UK	(1) General Manager at Anderson Group (2) VP of Operation at PARPRO (3) VP and CFO at E-TON Solar Corp.	Acting General Manager at CMMT KunShan
Director	Hsiao-Ken Chuang representing BeyondPV Co., Ltd.	PhD. in polymer science and engineering, University of New York, US	VP of R&D at Tex Year group	VP of R&D at Tex Year group
Director	Jeffrey Yang representing Innolux Corp.	Master of Chemical Engineering at National Cheng Kung University	(1) Factory Director at AU Optronics Corp. (2) Factory Director at UniPac Corp.	VP at Innolux Corp.
Director	Chao-Hsien Liu representing Innolux Corp.	Master of Economy, Institute of Economics at National Sun Yat-sen University	Head of Investment & PR division at Innolux Corp	Head of Investment & PR division at Innolux Corp.
Independent Director	Wei-Ting Liu	Master, Department of Law of Graduate School of National Chung Cheng University	(1) Independent Director, Cheng Mei Materials Technology Corp. (2) Supervisor of Dongchang Chemical Corp. (3) Director of Liqin International Consultant Corp.	Partner, Liqin International Consultant Corp.
Independent Director	Yen-Sung Chen	M.B.A., The Wharton School of the University of Pennsylvania	(1) CFO, Fubon Financial Holding Co., Ltd. (2) CFO, China Development Financial Holding Corp. (3) CFO, E INK HOLDINGS INC. (4) CFO, Chimei Innolux Corporation (Current Name: Innolux Corporation) (5) Executive Director, Morgan Stanley (6) CFO, Chi Mei Optoelectronics Corp.	Director and General Manager, KHL Capital
Independent Director	Kuo- Shih Huang	Master, The Graduate Institute of Accounting, National Taiwan University	(1) Partner, PricewaterhouseCoopers (2) Partner, Baker Tilly Clock & Co	Partner, Kang Chu accounting firm
Independent Director	Shiuan- Da Liou	M.B.A., National Chengchi University	(1) CSO, uPI semiconductor corp. (2) Vice President, Top Taiwan Venture Capital	General Manager, GIO Optoelectronics Corp.
Independent Director	Li -Yen, Hsu	University of Oregon Economics	(1) General Manager, TECHNEW CO., LTD. (2) General Manager, Wellstech Optical CO., LTD.	Chairman, Wellstech Optical CO., LTD.

Note: the record date is 28th March 2019

Other Matters(Proposed by an independent director

Discussion on the relief of certain Directors from their non-competition obligations.

Explanations:

1. A director has the non-competition obligation until such obligation is relieved by a General Meeting subject to the Article 209 of the Company Act.
2. For recruiting specialists from the industry, the independent director proposes to relieve new board of directors (including independent directors from the non-competition obligation)
- 3.

Name	Competing occupations
Jau-Yung Ho	(1) Chairman of CMVT (2) Chairman of CMT Kunshan
Wen-Hsiung Chan	(1) Chairperson of ECSC (2) Chairperson and General Manager of iCatch Techonology Co., Ltd
BeyondPV Co., Ltd.	None
Lai-Huang Lo representing BeyondPV Co., Ltd.	Acting General Manager at CMMT KunShan
Hsiao-Ken Chuang representing BeyondPV Co., Ltd.	VP of R&D at Tex Year group
Wei-Ting Liu	(1) Supervisor at TOA - JET CHEMICAL CO., LTD (2) Director of Li-chin international consulting Co., Ltd.
Kuo- Shih Huang	(1) Independent Director of G-TECH OPTOELECTRONICS CORPORATION
Innolux Corp.	(1) Director of Innojoy Investment Corp. (2) Director of YuanChi investment Co., Ltd. (3) Director of CHI LIN OPTOELECTRONICS CO., LTD. (4) Director of GIO Optoelectronics Corp. (5) Director of Qun Fu Medical Equipment Co., Ltd. (6) Director of Qunfeng Jun Technology Co., Ltd. (7) Director of InnoCare Optoelectronics Corporation
Jeffrey Yang representing Innolux Corp.	(1) VP at Innolux Corp. (2) Representative of CarUX Technology Co., Ltd.

Chao-Hsien Liu representing Innolux Corp.	(1) Head of Investment & PR division at Innolux Corp (2) Representative of director GIO Optoelectronics Corp. (3) Director of Ampower Holding Ltd.
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Resolution:

Motion:

Adjournment:

ARTICLES OF INCORPORATION
OF
CHI MEI MATERIALS TECHNOLOGY CORP. (BEFORE AMENDMENT)

(English translation, for reference only)

SECTION I GENERAL PROVISIONS

- Article 1 The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “Chi Mei Materials Technology Corp.”
- Article 2 The scope of business of the Company shall be as follow:
1. CC01080 Electronic Parts and Components Manufacturing
 2. CE01030 Photographic and Optical Equipment Manufacturing
 3. C801990 Other Chemical Materials Manufacturing
 4. F113030 Wholesale of Precision Instruments
 5. F119010 Wholesale of Electronic Materials
 6. F219010 Retail Sale of Electronic Materials
- Article 3 The total amount of the Company’s reinvestment shall not be subject to the restriction of not exceeding 40% of its paid-in capital, and the Company may act as a guarantor.
- Article 4 The Company shall have its head-office in Tainan City, Taiwan and, if necessary, may set up branches in and out of this country upon a resolution of its Board of Directors.

SECTION II SHARES

- Article 5 The total capital amount of the Company shall be seven billion New Taiwan Dollars (NT\$7,000,000,000), divided into seven hundred million (700,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be paid-up in installments.
- Article 6 The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of at least three (3) directors of the Company, and issued after being duly authenticated pursuant to the law.
- Article 6-1 When issuing new shares, the Company may print a master share certificate representing the total number of shares of such issuance.
The Company may issue shares without printing share certificate(s) in accordance with Article 162-2 of the Company Act, but shall have the shares registered with the Taiwan Depository & Clearing Corporation.
- Article 7 The shareholder services of the Company shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by competent authority.

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SECTION III SHAREHOLDERS' MEETING

- Article 8 Shareholders' meeting shall be of two types, namely general and extraordinary shareholders' meeting. The former shall be convened once a year within six months after the close of each fiscal year and the latter shall be convened whenever necessary. Notices which clearly state the purpose(s) for convening meeting shall be sent to each shareholder at least thirty (30) days in advance, in case of general meetings, and at least fifteen (15) days in advance, in case of extraordinary meetings.
- Article 9 Shareholders' meeting shall be convened by the Board of Directors and, be presided over by the Chairman of the Board of Directors; in case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the Chairman of the Board of Directors shall designate a director to act as the chairman; if no such designation, the directors shall elect one from among themselves.
- For the Shareholders' meeting convened by any other person having the convening right, such person shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 10 Unless otherwise provided under Article 179 of the Company Act which sets forth the situation where the shareholder has no voting rights, a shareholder of the Company shall have one vote for each share held by him/her/it.
- Article 11 In case a shareholder is unable to attend a shareholders' meeting in person, such shareholder may issue proxy in the form printed by the Company, setting forth the scope of authorization for the representative to be present on his/her/its behalf in accordance with Article 177 of the Company Act, or vote in writing or via an electronic voting system in accordance with Article 177-1 of the Company Act.
- Article 12 Unless otherwise provided in the Company Act, a resolution shall be made at the meeting attended by shareholders holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.
- Article 13 In case the corporate shareholder is the sole shareholder of the Company, the power of the Shareholders' meeting shall be performed by the Board of Directors and shall not subject to the relevant rules of the Shareholders' meeting under this Articles of Incorporation.
- Article 14 The resolutions of the shareholders' meeting shall be recorded in the minutes, and shall be made in accordance with Article 183 of the Company Act.
- Article 14-1 The termination of the Company's being a public company is subject to the shareholders' approval. For so long as the shares are traded on the Emerging Stock Market or listed on the Taipei Exchange or the Taiwan Stock Exchange in Taiwan, this

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article shall not be amended.

SECTION IV DIRECTORS AND SUPERVISORS

- Article 15 The Company shall have five (5) to nine (9) directors to be elected at a shareholders' meeting through candidates nominating system from the nominees listed to serve a term of three years. A director may be re-elected. The number of Directors is determined by the Board of Directors.
- Article 15-1 The aforesaid Board of Directors must have at least three (3) or one-fifth (1/5) of all directors, whichever is higher, independent directors in accordance with relevant rules of the Securities and Exchange Act. Directors shall be elected by cumulative voting system as specified in Article 198 of the Company Act. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately. Those candidates receiving more voting rights shall be elected as Directors. The methods of nomination and election and other related matters shall be subject to the applicable laws.
- The minimum number of total shares to be owned by the directors of the Company shall be in compliance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies as promulgated by the Financial Supervisory Commission.
- Article 15-2 The Company shall set forth the Audit Committee, which comprises of all the independent directors, in accordance with the Securities and Exchange Act. One of independent directors shall be convener, and at least one of whom shall have accounting or financial expertise. The resolution of the Audit Committee shall be made at the meeting in which a majority of the independent directors shall vote in favor of the resolution.
- Article 15-3 After the establishment of the Audit Committee, the Audit Committee shall be responsible for performing the power of supervisors as provided in the Company Act, the Securities and Exchange Act, the Articles of Incorporation and the internal rules of the Company and the relevant laws and regulations.
- Article 16 In the year the terms of the directors are expired, the Board of Directors shall convene the general shareholders' meeting for re-electing the directors in accordance with the Securities and Exchange Act.
- Article 16-1 When the number of vacancies in the Board of Directors equals to or exceed one third (1/3) of the total number of directors, the Board of Directors shall hold, within sixty (60) days, an extraordinary shareholders' meeting to elect succeeding directors to fill the vacancies, whose term of office are limited to fulfill the remaining term of the predecessors.
- Article 16-2 Regardless whether the Company makes profits or suffers loss, the Company may

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pay the directors the remunerations for their performance their duties. The Board of Directors is authorized to determine such remunerations based on the extent of involvements of the Company's operation and the value of the contribution of the directors and the normal rate adopted by other companies in the same industry., but shall subject to the top level of salary stipulated in the Company's salary determination rule.

Article 17 The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the directors by majority of directors present at a meeting attended by more than two thirds of directors. The vice Chairman of the Board of Directors may also be elected from among the directors by the same way of the Chairman election. The Chairman shall externally represent the Company and internally perform all his/her duties in accordance with laws and regulations, the Articles of Incorporation, resolutions adopted at meetings of Shareholders and the Board of Directors. In case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the vice Chairman of the Board of Directors shall act as the Chairman.

Article 17-1 The meeting of the Board of Directors shall be held at least once every quarter. In convening a meeting of the Board of Directors, a notice indicated the purpose(s) for convening the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date in writing or via e-mail or fax. However, in the case of urgency, the meeting may be convened at any time.

Article 18 Operational policy of the Company and any other material subject matters should be determined by the Board of Directors. Except for the first meeting of the Board of Directors of every new term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, and shall be presided over by the Chairman of the Board of Directors. In case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the vice Chairman of the Board of Directors shall act as the Chairman. In case there is no vice Chairman or the vice Chairman of the Board of Directors is on leave or unable to perform his duties for cause as well, the Chairman of the Board shall designate a director to act as the chairman; if no such designation, the directors shall elect one from among themselves.

Article 19 Unless otherwise provided for by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a majority of the directors present in a meeting attended by the majority of the total directors. Directors shall attend meetings of the Board of Directors in person. If a director is unavailable to attend a meeting in person, the director may issue a proxy specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at

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a meeting.

Article 20 The resolutions of the meetings of the Board of Directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting and delivered to all directors within twenty (20) days after the meeting. The minutes shall record a summary of the essential points of the proceedings, the method of adopting resolutions and the results of the meeting. The minutes, together with the attendance list and proxy, shall be filed and kept at the Company.

Article 21 (Deleted)

Article 21-1 The Company may purchase D&O liability insurance to cover the directors and managers for the liabilities they shall be responsible while performing their duties.

SECTION V MANAGERS

Article 22 The Company may have managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

SECTION VI ACCOUNTING

Article 23 The fiscal year of the Company is from January 1 of each year to December 31 of the same year.

Article 24 After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit the same to the supervisors for auditing on or before thirty (30) days prior to the general shareholders' meeting and then submit to the general shareholders' meeting for acceptance: (1) the business report, (2) the financial statement and (3) the surplus earning distribution or loss off-setting proposals.

Article 25 When the Company allocates the profit of the current year, if any, no less than 2% of the profit shall be set aside as employees' compensation, which to be distributed to the qualified employees of the Company or of the subsidiaries of the Company employees in the form of stock or cash. The Board of Directors is hereby authorized to set forth the plan of distribution. The Company may, subject to the resolution adopted by the Board of Director, further allocate no more than 1% of the aforesaid profit as Directors' compensation. The proposals of the employees' compensation and the directors' compensation should be reported on the Shareholders' meeting. Notwithstanding the foregoing, when there are accumulated losses, the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and directors in accordance with the aforesaid percentage.

In case the employees' compensation is distributed in the form of shares, the number of such shares shall be calculated based on the current regulations.

For the purpose of this article, the profit shall mean the earnings before tax without

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giving effect to the deduction of the employees' compensation and directors' compensation, and assuming that such employees' compensation shall only be distributed in whole.

Article 25-1 The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.

After taking into account of the Company's current and future development plan, investment environment, fund requirements, and domestic and international competition and the interests of shareholders, the dividend policy of the Company is to set aside no less than 20% of distributable earnings as shareholders' dividends and bonuses. However, in case the accumulated distributable earnings is less than 50% of paid-in capital, the Company may choose not to distribute dividends.

Dividends to common shareholder may be distributed by way of combination of cash dividend and stock dividend provided that the cash dividends shall not be less than 10% of the total dividends.

SECTION VII SUPPLEMENTARY PROVISIONS

Article 26 The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 27 In regard to all matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.

Article 28 These Article of Incorporation were enacted on May 9, 2005 and amended on Oct. 17, 2005 for the first time, on May 30, 2006 for the second time, on Oct. 20, 2006 for the third time, on Sep. 27, 2007 for the fourth time, on Mar. 26, 2008 for the fifth time, on Oct. 16, 2009 for the sixth time, on June 9, 2010 for the seventh time, on Oct. 8, 2010 for the eighth time, on Aug. 10, 2011 for the ninth time, on June 28, 2012 for the tenth time, on June 27, 2013 for the eleventh time, on June 6, 2014 for the twelfth time, on June 9, 2015 for the thirteenth time, on June 20, 2016 for the fourteenth time, and on Feb. 8, 2017 for the fifteenth time.

Rules on the Shareholders' Meeting

- I. The Shareholders' Meeting of the Company should be subject to the rules stipulated hereby.
- II. The Company should have an attendance book in place for shareholders to sign in person; attended shareholders can hand in a card with their names on it for the same purpose.
- III. The attendance and voting taking place in the Shareholders' Meeting should be calculated on the base of the number of shares the shareholder possesses. Shares represented by a shareholder will be decided according to the attendance book or the signature card the shareholder hands in, along with the number of shares granting the right to vote in written or electronic forms.
- IV. The Company should apprise the shareholders of the time, venue, and other things that should be taken note of in the meeting notice.

The attending shareholders should be present at the venue at least 30 minutes for registration before the meeting begins. The venue for registration should be clearly marked and equipped with plenty of staff.

The venue of the Shareholders' Meeting should be in the Company or places with good transportation for shareholders to attend the meeting. The venue of the meeting should be appropriate for the convening of such meeting. The meeting should not start earlier than 9 AM or later than 3 PM.

The shareholder or the shareholder's appointed proxy (hereinafter referred to as the shareholder) should carry an invitation, signature card, or other certificates guaranteeing the holder's attendance. The Company should not arbitrarily ask the Shareholder to produce certificates of attendance other than the one that is stipulated beforehand. Solicitors seeking POA should carry with them documents that can prove their identity for verification.

- V. Shareholders' Meetings convened by the Board should be presided over by the director of the Board. If the director of the Board is absent or unable to serve as the chairman, the director of the Board should appoint one person in the Board to be his/her proxy. In case the director of the Board fails to make such appointment, the Board should elect one proxy to be the chairman of the meeting.

Shareholders' Meetings convened by a person with the right to convene Shareholders' Meetings should be presided over by that person. Should there be two or more people with the right to convene the Shareholders' Meeting, they should elect one among them to serve as the chairman of the meeting.

Should the mantle of chairman of the Shareholders' Meeting is to be taken by the managing director of the Board or the proxy of the director of the Board, the aforesaid chairman should be in office for at least six months and have a clear understanding of the Company's financial status. The same criterion applies to situations where the chairman is played by the proxy of the director of an entity.

- VI. The Company can appoint its own attorneys, accountants, or other relevant staff to attend the Shareholders' Meeting.

The staff of the Shareholders' Meeting should wear identification cards.

- VII. The chairman should announce the commencement of the meeting at the scheduled time; however, if the present shareholders altogether does not constitute half of the total number of the Company's

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issued stocks, the chairman may postpone the meeting. The number of postponement should be no more than two times and the total time of postponement should be less than an hour. If, after two postponements, the total shareholders present still does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of the Company's issued shares. A notice of such tentative resolution should be distributed to all shareholders in accordance with Paragraph 1 of Article 175 of the Company Act. The Shareholders' Meeting should be reconvened within a month.

If the number of present shareholders constituting half of the total number of the Company's issued stocks is reached before the meeting is over, the chairman may deem such situation as a tentative resolution and proffer it for the meeting to vote in accordance with Article 174 of the Company Act.

VIII. The agenda of the Shareholder's Meeting convened by the Board should also be stipulated by the Board. The meeting should follow the agenda and should not be changed without the resolution of the Board.

The provision of preceding article should apply when the Shareholders' Meeting is convened by people with the right to convene such meetings other than the Board.

The chairman of the Shareholders' Meeting should not dismiss the meeting before the previous two types of agenda (including AOB) are completed with a resolution being made. In the case when the chairman dismisses the meeting against the rules on the meeting, the members of the Board should follow the protocol and promptly assist the shareholders to elect one person with the approval of more than half of the present shareholders to be the new chairman and continue the meeting.

IX. Before making a speech, the present shareholder should write down the gist of the speech, the shareholder's number (or the number of the attendance certificate) and the account name on a slip of paper. The chairman will decide the order of speech.

If the present shareholder hands in the paper slip but does not actually make the speech, it is construed that the shareholder does not make that speech at all. If there are discrepancies between the content on the paper slip and the shareholder's actual speech, the latter should prevail.

Unless approved by the chairman, shareholders should not interfere when another fellow shareholder is speaking. The chairman is entitled to stop the interfering shareholder.

X. A shareholder is allowed to make a speech once for each motion unless approved by the chairman. Each speech should not exceed five minutes.

The chairman is entitled to stop the shareholder's speech when the shareholder violates the preceding provision or when the speech digresses from the motion.

XI. When the shareholder's identity is the government or an entity, the shareholder can assign more than one representative to the Shareholders' Meeting. When an entity is authorized to attend the meeting, the quorum is limited to one person only.

When an entity shareholder appoints more than two representatives to attend the meeting, only one of them is entitled to make a speech on each motion.

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- XII. The chairman should reply in person or appoint relevant personnel to do so after a shareholder finishes his/her speech.
- XIII. The chairman is entitled to determine whether the discussion of a certain motion is adequate and is ready for voting. The chairman can announce termination to the discussion and begin voting procedure.
- XIV. The personnel in charge of the supervising and vote count of the voting of the motion should be appointed by the chairman. The supervising personnel should possess the identity of a shareholder. The voting of the Shareholders' Meeting or the vote count process of the elected motion should be carried out in public places of the venue. Vote count results should be publicly announced on site.
- XV. The chairman is entitled to announce recesses during the meeting.
- XVI. Regarding the voting of a motion, unless stipulated elsewhere in the Company Act and the Corporate Charter, the motion has to obtain approval from more than half of the present shareholders to pass. A motion is deemed passed after the chairman enquires the present shareholders and gets no objection. The validity of the process is equivalent to voting. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder.

If elections for directors or supervisors are held in the Shareholders' Meeting, they should be subject to the terms and provisions of the Company's regulations on the election for director and supervisor. The results of the elections should be announced on site along the name of the elected directors and supervisors and their vote counts.

- XVII. When there is an amendment or substitute to the same motion, the chairman is entitled to integrate the amendment or substitute with the original motion and determines the voting order. When one of the motion passes the vote, the other motions are automatically rendered rejected and no further votes should be held on them.
- XVIII. The Company should hand to the present shareholders the pamphlet of the meeting, the annual statements, the attendance certificate, the voting slips along with other data related to the meeting; ballots should be attached if there are elections for directors and supervisors.

The Company should record the process of the meeting including the registration, the meeting itself, the voting and vote count process in a nonstop manner; the recording should contain both video and audio.

The aforesaid recording should be kept for at least one year. The recording should be kept until the end of litigation filed by a shareholder according to Article 189 of the Company Act.

- XIX. The chairman is entitled to call for disciplinary personnel or securities to maintain the order of

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the venue. Disciplinary personnel or securities should wear recognizable identifications when performing their duties of maintaining onsite order.

If a shareholder violates the rules on the meeting or impedes the process of the meeting and refuses to obey the chairman's warnings. The chairman is entitled to call for disciplinary personnel or securities to escort the shareholder out of the venue.

- XX. Unless otherwise stipulated in the Company Act and the Corporate Chapter, matters that are not covered by the *Rules on the Shareholders' Meeting* should be subject to the chairman's ruling. A shareholder should find an applicable and legal mean to express his/her/its discontent about this and should not interfere the process of the meeting deliberately.
- XXI. The *Rules on the Shareholders' Meeting* has been ratified, implemented, and amended with the Board's resolution.
- XXII. The *Rules on the Shareholders' Meeting* was stipulated on June 24, 2008. The 1st amendment was on October 16, 2009, the 2nd amendment was on June 27, 2013, and the 3rd amendment was June 9, 2015.

Electoral Method for Director

- I. Unless otherwise stipulated in relevant laws or charters, the election of the Company's directors should follow the Method.
- II. The selection and election of the Company's directors should take into consideration the general configuration of the Board. The composition of the Board member should be diverse and be able to provide appropriate and diverse guidelines for its operation, type of operation, and development. The following two dimensions should be incorporated at least:

- (i) Basic conditions and values: Sex, age, nationality, and culture
- (ii) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and experiences of the industry.

Members of the Board should possess the basic knowledge, skills, and competencies to perform their duties and the general required abilities are as follows:

- (i) The judgment of operation
- (ii) The analytic ability of accounting and finances
- (iii) The management ability
- (iv) The ability to deal with crises
- (v) The knowledge of the industry
- (vi) The view for the international market
- (vii) The ability to lead
- (viii) The ability to make decisions

More than half of the seats of the Board should not be served by people that are spouses or relatives with the second degree of kinship.

The Company is entitled to adjust the constitution of the member of the Board according to the results of the performance evaluation.

- III. The qualifications of the Company's independent directors should comply with the provisions in the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*.

The selection and election of the Company's independent directors should comply with the provisions in the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies* and *Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies*.

- IV. Following Article 192-1 of the Company Act, the election of the Company's independent directors should adopt the candidate nomination system and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The elections for independent directors and non-independent directors should be held concurrently with separate vote counts. The candidate with the higher votes wins and is voted the independent or non-independent director. Should there be a tie in voting between two or more people and the number of candidates exceeds the quorum, the candidates with the same vote count should draw to determine the result. The chairman is entitled to draw for the absent candidate.

If a director resigns because of a particular reason, rendering the number of the director less than

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five, the Company should hold an election in the next Shareholders' Meeting. However, if the vacancy of the Board reaches one-third of the seats stipulated in the chapter, the Company should convene a Special Shareholders' Meeting to hold an election within 60 days starting from the date on which the incident takes places. If an independent director resigns because of a particular reason, rendering the number of the independent director less than that stipulated in the provisions of competent authorities or charters, an election should be held in the next Shareholders' Meeting. When all of the independent resign from duty, the Company should convene a Special Shareholders' Meeting to hold an election within 60 days starting from the date on which the incident takes places.

- V. The election for the Company's directors follows Article 198 of the Company Act and adopts the cumulative and open voting system. Each share has the corresponding vote for the number of directors to be voted, the votes can either be put on one candidate or distributed to several candidates.
- VI. The shares shareholders represent are based on the Company's list of shareholders.
- VII. The Company should make ballots that correspond with the number of directors to be elected and put the number of votes on them. The ballots are distributed to present shareholders at the Shareholders' Meeting. The election is an open election and shareholders' attendance certificate numbers should be printed on the ballots for identification.
- VIII. The chairman should appoint several supervisors and counters to handle related tasks. The supervisor should possess the identity of a shareholder. The ballot box should be prepared by the Company and be opened by the supervisors to the shareholders to see before voting.
- IX. Ballots are deemed invalid if they are:
 - (i) not standard ballot according to the Method.
 - (ii) cast into the ballot box blank.
 - (iii) illegible (beyond recognition) or altered.
 - (iv) when the candidate is a shareholder and the account name or shareholder's number does not match the Company's list of shareholders; when the candidate is not a shareholder and the name or the identification number is found to be unmatched.
 - (v) written with words other than the candidate's account name (name) or shareholder's number (the identification number) and the allotted number of votes.
 - (vi) not printed with the candidate's account name (name) or shareholder's number (the identification number).
 - (vii) printed with two or more than two candidates.
- X. Vote count should be conducted immediately after voting and the results should be publicly announced on site, including the list of elected directors and their number of votes.
- XI. Any uncovered matters of the Method are subject to the Company Law, the Corporate Charter, and other related laws and stipulations.
- XII. The Method has been ratified, implemented, and amended with the Board's resolution.
- XIII. The Method was stipulated on June 26, 2008. The 1st amendment was on October 16, 2009, the 2nd amendment was on June 9, 2015.

CMMT MATERIAL TECHNOLOGY CORP. Shareholdings of All Directors

- I. As of the end date (28th March 2019) of transfer of this Shareholders' Meeting, the Company's paid-in capital is NT\$6,657,285,000 and the number of shares issued is 665,728,500. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by all directors should be 21,303,312.
- II. As of the end date (28th March 2019) of transfer of this Shareholders' Meeting, the shareholding status of all of the Company's directors is as follows:

Title	Account name	Number of shares	Shareholding ration %
Chairman	Jau-Yang Ho	5,720,906	0.86%
Deputy Chairman	Mei-Li Yeh	2,094,111	0.31%
Director	Junxiong Chen	212,000	0.03%
Director	Chi-Pan Liang	0	0%
Independent director	Shih-Chuan Tsai	0	0%
Independent director	Wei-Ting Liu	0	0%
total		8,027,017	1.2%

Note:

- As stipulated in Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, "the shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent."
- The Company has an Audit Committee in place; therefore the rules regarding shares owned by a supervisor are not applicable.

Appendix 5: Other Explanation Information

- I. The effects the stock grant has on the Company's business performance, earnings per share, and the shareholders' ROI: Not applicable, because the Company does not grant shares this year.
- II. Explanation on not listing the proposal of shareholders representing one percent of the Company's total issued shares:
The Company did not receive any proposal from shareholder during the application period (from April 16, 2018 to April 25, 2018).
- III. Information on remuneration of employees and directors:
Not applicable, because the Company did not distribute remuneration for employees and directors in 2017.