

CMMT MATERIALS TECHNOLOGY CORP.
2018 Annual Shareholders' Meeting
Explanation of motions

Proposed Resolutions

Case 1. (Proposed by the Board of Directors)

Case Description : 2017 Business Report & Financial Statements Report

Explanation :

1. The Company's 2017 annual individual and consolidated financial statements, including the balance sheet, composite income sheet, statement of changes in equity, and statement of cash flows, have been completed and are commissioned to accountants Cheng, Ming-hui and Huang, Shu-jie from Deloette Taiwan to issue and archive relevant audit reports.
2. Refer to page 12 to 14 of Appendix 1 and page 16 to 35 of Appendix 3 for business reports, audit reports issued by accountants, and the proceeding financial statements.
3. Please confirm and acknowledge.

Resolution :

Case 2. (Proposed by the Board of Directors)

Case Description : 2017 Appropriation of profit & loss

Explanation :

1. 2017 Appropriation of Profit & Loss:

CMMT Materials Technology Corp.
2017 Appropriation of Profit & Loss

In New Taiwan Dollars

Item	Amount
The initial unappropriated retained earnings	\$4,016,062,786
Current net (lost) profits (EPS-2.18/share)	(1,226,260,335)
Determine a 10% legal reserve	0
Determine a special legal reserve (note)	<u>(43,251,405)</u>
Current distributable profits	2,746,551,046
Items to be allocated	
Shareholders' cash dividend	0
The end unappropriated retained earnings	<u>\$2,746,551,046</u> =====

Note: The accumulated balances of the "Exchange Differences on Translation of Foreign Financial Statements" and "Unrealized Gain or Loss on Available-for-sale Financial Assets" have booked the reduction of shareholders' rights and determined a special legal reserve of NTD43, 251, 405.

Chairman : Ho-Jau Yang President : Ho-Jau Yang Accounting Officer : Yu- Wei Huang

2. The net loss of 2017 is NT 1,226,260,335 and we plan not to issue shareholder dividends.
3. Please confirm and acknowledge.

Resolution :

Matters for Discussion

Case 1.(Proposed by the Board of Directors)

Case Description : To conduct the issuance of cash capital increase through new common shares to sponsor the issuance of global depositary receipts.

Explanation :

1. To respond to the capital need for the future development of the Company and enhance the competitiveness of the Company, we intend to propose to the shareholders' meeting for authorizing the Board to carry out cash capital increase by issuing ordinary shares to participate in the issuance of GDR in due course (with a limit of up to 200,000,000 ordinary shares) according to the financial market condition and the capital needs of the Company then; and propose to the shareholders' meeting for authorizing the Board to issue the shares within the aforesaid limit at once or separately. Meanwhile, we will evaluate the needs of overseas markets of issuance and shareholders' funds. The original shareholders will forfeit their right to purchase shares and allocate all of them for the purpose of the overseas issuance of GDR. The Board will be in charge of relevant issuance matters.
2. Except for the 10% to 15% of the number of the issued shares reserved for subscription by employees of the Company according to the law, we intend to propose to the shareholders' meeting that the remaining 85% to 90% shall be fully allocated for public issuance according to Article 28-1 of Securities Exchange Act, and appropriate to the original marketable securities for participating the issuance of GDR. As for shares that are not purchased or insufficient purchase, the Board is authorized to appoint persons to purchase the shares or participate in the issuance of the original marketable securities of GDR.
3. Rights and obligations of the newly issued shares Rank pari passu with the ordinary shares originally issued.
4. The Company initiated a capital increase by cash and issued ordinary shares to participate in the issuing price of GDR. According to Article 9 of the "Self-rule Regulations on Company Raising and Issuing Marketable Securities Guided and Issued by the Members of Taiwan Securities Association," the issuing price shall not be less than the closing price of the ordinary shares of the Company quoted from the concentrated trading market on the pricing date, or 90% of average price of the share derived from the simple arithmetic average calculated by the closing price of the ordinary shares of the Company quoted on the 1st, 3rd or 5th business day prior to the pricing date less stock grants (after rights and dividends); and the issuance price of

GDR shall not be less than its nominal value after converted into the price of per ordinary share. In case of changes are made to the relevant domestic laws, the Company should comply with these changes and adjust the pricing method. Regarding the high incidence of short-term fluctuation in share prices, the Company authorized the Board to consult peg the price in reference to conditions of the global capital, current domestic market price, and the general status of subscription to make it more acceptable for overseas investors.

5. If such limit is issued in full, the number of shares issued shall accounting for 23.10% of the capital shares “after” the capital increase. The effects of the capital increase are expected to enhance the Company's competitively and benefit the shareholders. The pricing method of the issuing price of GDR this time is based on the fair market price of the Company's ordinary shares in the domestic stock exchange market. Shareholders are required to purchase the Company's ordinary shares at the price that is close to the issuing price of the GDR. No major impacts should be done to the shareholders from this since they do not assume the risk of exchange and liquidity.
6. Utilization of the funds from the capital increase : To increase the working capital, or in response to the usages require by long-term development plan of the Company.
7. The fund-raising project primarily includes temporary/actual issue price, issue number of shares, planning items, raising amount, expected progress, and expected efficacy may occur. All other matters related to the issuance project are proposed to the shareholders’ meeting for approval, and propose to authorize the Board to adjust, amend, and carry out according to the market condition; if the competent authority instruct to amend or if it is required to make changes to such plan according to operation evaluation or the objective environment, authorize the Board full discretion for handling.
8. After submitted to the competent authority for approval, it is intended that the chairman shall otherwise determine the record date for shares subscription, payment period and the record date for the capital increase related to the issue for the fund-raising project.
9. To coordinate the Company's plan of issuing ordinary shares to participate in the issuance of GDR in order to increase capital by cash, the Company plans to proffer to the Shareholders' Meeting to authorize the chairman or his/her appointer to sign all relevant regarding the issuance of the GDR and handle related matters.
10. For matters that are not mentioned in the preceding paragraphs, the chairman should have the right of final ruling.
11. Submitted for discussion.

Resolution :

Case 2. (Proposed by the Board of Directors)

Case Description : To conduct the issuance of Restricted Employee shares

Explanation :

1. With the bid to reward excellent employees and reduce brain drain, the Company plans to stipulate *2018 Issuing Method of Restricted Employee Shares for Paid Purchase* (hereinafter referred to as “the Method”) in accordance with Paragraph 8 of Article 267 of the *Company Act* and the *Criteria Governing the Offering and Issuance of Securities by Foreign Issuers*.
 2. The details of the restricted employee shares planned to be issued are as follows:
 - (1) Issue price: NTD 6 per share, paid issuance
 - (2) Total amounts (shares) of issuance: NT\$10 par value, a total of 20,000,000 common shares issued. Based on actual needs, shares can be issued at once or separately during the one-year period starting from the date when the application is ratified by competent authorities and comes into force to the termination date of the ratification. The actual issuing date should be decided by the chairman authorized by the Board.
 - (3) Conditions:
 - a. Vesting conditions: Employees who subscribed to New Restricted Employee Shares in accordance with the Measures continued to work on the following vested terms from the date of grant, made good service codes, had not violated the company’s labor contract, work rules or internal regulations, and had their terms expire before the vested deadline expires and with annual individual performance appraisal graded B and above. New shares will be received respectively on the basis of the following schedule and the proportion of shares subscribed.
 - (a) One year vested: 30% of shares subscribed
 - (b) Two year vested: 30% of shares subscribed
 - (c) Three year vested: 40% of shares subscribed
- For managers, in addition to the requirements of the preceding paragraph, the vested ratio must also be determined by their prior year performance upon vested period according to the following conditions:
- (a) Achieve profit target: ratio of subscribed shares of each vested term x100%
 - (b) Less than profit target and no loss: ratio of subscribed shares of each vested term x 80%

- (c) Do not meet the aforementioned two statements, but EBITDA is positive 50%:
ratio of subscribed shares of each vested term x 50%

b. Issued Item : Common Stock

c. Restricted rights before employees meet the vesting conditions:

- (a) Before the vested conditions are fulfilled, the employee shall not sell, pledge, transfer, donate, set, or otherwise dispose of New Restricted Employee Shares that they subscribe to in accordance with the Measures.
- (b) Restriction on Shareholders (subscription) stock dividends: New Restricted Employee Shares issued by the Measures may participate in allotment, interest-bearing, cash-increment and share-holding prior to the subscription and before reaching the vested conditions.
- (c) During the vest period, if the company carried out a capital reduction, New Restricted Employee Shares will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under company's custody, and be paid to the employees upon vested condition is fulfilled; if the employee does not meet the vested condition, all shares the employees subscribed in accordance with the Measures shall be bought back by the company based on the original subscription price.
- (d) After New Restricted Employee Shares were subscribed but the vest condition has not been fulfilled, the stocks should be entrusted to the trust depository institution. Employees may not request return from the trustee for any reason or method °
- (e) Before vest condition is fulfilled, the attendance, proposals, speeches, voting rights and other relevant shareholders' rights and interests of the company's shareholders' meeting were all entrusted to the trust depository institution to exercise °

(4)Qualification requirements for employees:

(1)Official Employees starts working before New Restricted Employee Shares Grant day. The actual implementation of this measure depends on the number of employees who subscribe to New Restricted Employee Shares pursuant to the present Measures, and the factors, such as seniority, position, grade, performance, overall contribution, special merit or other management needs, will be included. Consideration of the company's operational needs and business development strategies are reviewed by the board of directors and submitted to the board of directors for resolution; managers and directors with employee status should first be approved by the Compensation Committee.

(2)The company has issued the employee stock option certificate in accordance with the first paragraph of Article 56(1) of the disposal criteria that cumulative number of shares subscribed by the single option holder, and the total amount of New Restricted Employee Shares obtained by the accumulative shareholder shall not exceed 0.3% of the total number of the issued shares. Also, in accordance with the first paragraph of Article 56(1) of the disposal criteria, the company issued the employee stock option certificate subscribed by the single option holder shall not exceed 1% of the total number of the issued shares. However, if it is approved by the central governing agencies, the total amount of a single employee's employee share option certificate and New Restricted Employee Shares may not be limited by the percentage of issued shares as mentioned above.

(5) The reason why it is necessary to issue restricted stocks for employees: to attract and retain the talents required by the company, to motivate employees and to enhance employee co-ordination so as to jointly create the interests of the company and shareholders.

(6) Calculated expense amount 、dilution of EPS and other factors affecting shareholder's equity and other factors affecting shareholder's equity:

a. Calculated expense amount :

Possible expenditure of employee bonus shares was calculated based on NT\$10.90/share (2018/4/25 closing price, i.e. the day before the sending out the board meeting notification.), and the estimated cost of spending is approximately NT\$98,000; based on the defined vest period, and vest condition, apportionment of annualized expenses after issuance in 2018, 2019, and 2020 will be NT\$ 29,400 (Thousand), NT\$ 29,400(Thousand) and NT\$ 39,200(Thousand) respectively.

b. Dilution of EPS and other factors affecting shareholder's equity :

Based on the current number of issued shares of 665,728,500 shares of the Company and the expected 2007 cash inflows to issue common shares to participate in the issuance of overseas depositary receipts of 200,000,000 shares, the annual dilution of earnings per share after the issuance is NT\$0.03, NT\$0.03 and NT\$0.04 in 2018, 2019 and 2020 respectively. The dilution of the company's earnings per share for the coming year is still limited, so there is no significant impact on the shareholders' equity.

(7) Please refer to the Method for other relevant explanations (refer to page 36 to 40 of Appendix 4).

(8) Any other matters that need to be specified:

- (1) This measure was approved by over 1/2 votes out of higher than 2/3 attendance rate. Hereafter, in case of the need to make amendments due to changes in the decree or request of the competent authority to audit, the Chairman will be authorized to amend the Measures, and then he would issue the approval of Board of Directors.
- (2) If there are any unfinished matters in this Measure, except as otherwise provided in the Act, the full powers of the Board of Directors or its authorized persons shall be revised or implemented in accordance with the relevant laws and regulations. °

3、Submitted for discussion.

Resolution：

Case 3 (Proposed by the Board of Directors)

Case Description：Corporate Charter amendment

Explanation：

1. In response to the operation, the Company offers to change the name of the Company to "Chen Mei Materials Technology Corp." (note: the change of the company name is ratified and archived by the Ministry of Economic Affairs on Jan. 29, 2018, reference No.: 107006014) and raise the amount of fixed capital. Therefore, some articles of the Corporate Charter should be amended.
2. The comparison of the articles of the Corporate Charter before and after amendment:

The comparison of the articles of the Corporate Charter before and after amendment

Amended Articles	Current Articles	Explanation
Article 1 The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “ <u>Chen</u> Mei Materials Technology Corp.”	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.”	In response to company operation
Article 5 The total capital amount of the Company shall be <u>twelve</u> billion New Taiwan Dollars (NT\$12,000,000,000), divided into <u>one point two</u> billion (1,200,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per	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	In response to company operation

Amended Articles	Current Articles	Explanation
share, and may be issued separately. <u>An amount of point six billion New Taiwan Dollar (NT\$600,000,000) out of the aforesaid capital is reserved to served as subscription warrants for employees, divided into sixty million shares at a par value of ten New Taiwan Dollars (NT\$10) per share and may be issued separately according to the resolution of the Board of Directors.</u>	share, and may be paid-up in installments.	
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, on Feb. 8, 2017 for the fifteenth time, <u>on Jun 22,2018 for the fifteenth time.</u>	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.	Add number of amendment and dates

3.Submitted for discussion.

Resolution :

Election Items (Proposed by the Board of Directors)

Case Description : Directors Election

Explanation :

1. Company's board of directors shall have 5 to 9 directors (Including Independent Directors with

the total numbers not less than three members or one-fifth of the total number of directors, director candidates are nominated.

2. Director Long-Jun, Lin, representative of CMC, resigned on November 9 2017 due to operational strategy. Independent director Zhung, Xio-gen resigned on March 19, 2018. Currently there are 5 directors (1 Independent director included).
3. To facilitate the company management, the Company plans to elect two directors (including 1 independent director). The list of candidates for directors was ratified and passed by the Board of Directors on May 4 2018. The details are as follows:

Nominee cat.	Name	Education	Current position	Experience	Shares held
Director	Mei-Li, Yeh	1. PhD., Peking niversity, China Guanghua school of management 2. MBA., Peking University, Guanghua school of management	1. CEO, Polaris Asset Management Corp. 2. Chairman, JieYang investment Corp. 3. Chairman, B&V Biopharma Co., Ltd. 4. Director, Chinese International Investment and Finance Association	1. Chairman, Concord Securities Group. 2. Founder, Polaris Securities Group 3. Director & Vice President, Polaris Securities 4. CEO, Forwin Securities Investment consulting company 5. Director, Taichung Bank Securities 6. Director, Vice Chairman, Champion Microelectronic Corp.	0
Independent director	Shih-Chuan, Tsai	1. PhD in Finance, Boston University, USA 2. Master of Science in Finance, National Taiwan University 3. Bachelor of Science in Finance, National Taiwan University	Professor, National Taiwan Normal University	1. Vice President, Taiwan Futures Exchange 2. Public-interest Director, Taiwan Futures Exchange 3. Associate professor, National Taiwan Normal University 4. Associate professor, Ling Tung University 5. Associate professor, Tamkang University 6. Adjunct lecturer, Boston University, USA	0

4. The term of directors will be start from June 22, 2018 to June 20, 2020 to fill the vacancy of the original term.

The election will be in accordance with Procedures for election of Directors of company.

5. Please conduct the election accordingly.

The result of the election:

Other Proposals (Proposed by the Board of Directors)

Case Description : Act of canceling the non-compete restriction on manager

Explanation :

1. As provisioned in 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 meeting of shareholders the essential contents of such an act and secure its approval."
2. To solicit professionals of the industry to join the Company and its management, the Company plans to cancel the non-compete restriction on new directors.
3. The proposed cancelation of non-compete restriction on the candidate of director:

Name	Positions in other cooperation
Mei-Li, Yeh	1.Polaris Asset Management Co. Ltd. CEO 2. YOUNG JET INVESTMENT COMPANY LIMITED Chairman 3. B&V BIOPHARMA CO., LTD. Chairman 4.Chinese International and Finance Association President

4. Submitted for discussion.

Resolution: