

# **FineMat Applied Materials Co., Ltd.**

## **2023 Annual Shareholders' Meeting**

### **Meeting Handbook**

Method: Physical shareholders' meeting

Date and time: 9:00 a.m., June 13, 2023 (Tuesday)

Location: No. 123, Keji 5th Road, Annan District, Tainan City  
(FineMat Applied Materials Co., Ltd. - Plant 3)

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# FineMat Applied Materials Co., Ltd.

## 2023 Annual General Meeting Procedure

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- VI. Adjournment of the meeting

# FineMat Applied Materials Co., Ltd.

## 2023 Annual General Meeting Procedure

Method: Physical shareholders' meeting

Date: 9:00 a.m., June 13, 2023 (Tuesday)

Location: No. 123, Keji 5th Road, Annan Dist., Tainan City (FineMat Applied Materials Co., Ltd. - Plant 3).

### **I. Call the meeting to order**

### **II. Chairman's opening remarks**

### **III. Report items**

(I) Motion for 2022 Business Report

(II) Motion for 2022 Audit Committee's Review Report

(III) 2022 distribution of earnings and cash dividends

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Etch Home Technology Co., Ltd.

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### **IV. Ratifications**

(I) Motion for 2022 Business Report and financial statements

(II) Motion for 2022 earnings distribution

### **V. Provisional motions**

### **VI. Adjournment of the meeting**

## <<Report items>>

(I) Motion for 2022 Business Report.

Description: For 2022 Business Report, please refer to Attachment 1 (p.7-9) of this Handbook.

(II) Motion for 2022 Audit Committee's Review Report

Description: For 2022 Audit Committee's Review Report, please refer to Attachment 2 (p.10) of this Handbook.

(III) 2022 distribution of earnings and cash dividends.

Description:

1. In accordance with Article 17-1 of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute all or part of dividends and bonuses, capital surplus, legal reserve, and legal reserve in cash, and report to the shareholders' meeting.
2. This motion was passed by the Board of Directors. In order to meet the requirements of the Company's operation and development and due to the utilization of funds in the future, the Company does not intend to allocate earnings in 2022 in order to reserve sufficient funds for the expansion of the operation.

(IV) Motion for the improvement report on the endorsement/guarantee exceeding the specified limit by subsidiary - Etch Home Technology Co., Ltd.

Description:

1. Handled pursuant to the Letter No. Jin-Guan-Zheng-Shen-Zi 1110341301 issued by the Financial Supervisory Commission.
2. The endorsement/guarantee provided by subsidiary - Etch Home Technology Co., Ltd. on behalf of its re-investment company, EHT Technology Co., Ltd. (Vietnam) has exceeded the limit in the operating procedures set by Etch Home Technology Co., Ltd., and the improvement plan and implementation report are as follows:

- A. Improvement plan: Etch Home Technology Co., Ltd. conducted cash capital increase to increase its company net worth.

Implementation: Etch Home Technology Co., Ltd. issued 2,500 thousand new shares at a premium to complete the capital increase on January 20, 2022, and received NT\$70,000 thousand in capital increase. As of March 31, 2022, the net worth of Etch Home Technology Co., Ltd. was NT\$119,541 thousand as audited by CPAs. The limit of endorsement/guarantee provided to a single enterprise is NT\$47,816,000 (40% of the net value). Etch Home Technology Co., Ltd. has completed its improvement plan for the endorsement and guarantee amount exceeded by its subsidiary EHT

Technology Co., Ltd. (Vietnam).

(V) Motion for the report on the implementation of repurchase of treasury stock

Description:

1. Handled in accordance with the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies".
2. Execution status of the Company's repurchase of its shares is as follows:

Session of repurchase	First repurchase in 2021
Purpose of repurchase	Transfer shares to employees
Date of resolution of the Board of Directors	November 5, 2021
Repurchase period	November 8, 2021 to January 4, 2022
Range of repurchase price	NT\$27.34 to NT\$57.70 per share
Type and quantity of shares repurchased	602,000 shares of common stock
Amount of shares repurchased	NT\$24,221,164
The number of the shares repurchased as a percentage of the number scheduled to be repurchased	60.20%
Number of shares cancelled and transferred	0 share
Cumulative number of the Company's shares held	602,000 shares
Cumulative number of the Company's shares held as a percentage of the Company's total issued shares	0.91%

## <<Ratifications>>

Motion: 2022 Business Report and Financial Statements. (Proposed by the board of directors)

Description:

1. The Company's business report and financial statements for 2022 were approved by the Board of Directors on March 15, 2023, and the financial statements were audited by Lin Tzu-Yu and Lin Yong-Zhi, certified public accountants of PwC.
2. For 2022 Business Report, please refer to Attachment 1 (p.7-9) of this Handbook.
3. For the Independent Auditors' Report and financial statements, please refer to Attachment 3 (p.11-33) .

Resolution:

Motion 2: Motion for 2022 earnings distribution. (Proposed by the board of directors)

Description:

1. The Company's net loss after tax in 2022 was NT\$36,048,651. In order to meet the requirements of the Company's operation and development and due to the utilization of funds in the future, the Board of Directors has resolved and approved not to distribute the earnings of the Company in 2022 in order to reserve sufficient funds for the expansion of the operation.
2. The earnings distribution plan drawn up by the Company is as follows:

FineMat Applied Materials Co., Ltd.

2022 Table of Earnings Distribution

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	135,497,334
Less: Adjustment of retained earnings for 2022	(5,511,906)
Amount of undistributed earnings after adjustment	129,985,428
Net loss after tax for the current year	(36,048,651)
Add: Special reserve reversed	5,716,753
Earnings available for distribution for the year	99,653,530
Undistributed earnings at the end of the period	99,653,530

Chairman :

Company officer :

Chief Accounting Officer :

Resolution:

## **Provisional motions**

## **Adjournment of the meeting**



## Attachment 1

# FineMat Applied Materials Co., Ltd.

## 2022 Business Report.

### I. Operational Policy:

The Company's core technology is precision metal etching. Through precision metal etching technology, the Company is deeply engaged in the development of precision metal masks for the OLED panel vapor deposition process. The Company has unique technical capabilities in the cumulative accuracy control of the pattern position of the metal grille and dimensional tolerance, and metal mask vaporization process and metal frame welding, which enables the Company to occupy the leading position in this field.

In 2020, we were determined to break away from the risks arising from operations in a single industry and invested in the semi-conductor and national defense equipment industries, which had strong potential growth. In 2022, we entered the heat dissipation industry and opened up a new outlook for the Company's multidimensional operation. In the future, etching technology-based precision metal masks, materials for heat dissipation modules, and semi-conductor and national defense equipment will gradually become the three main focuses of the Company's operation and development. We hope that these three major operational pillars will bring a brand-new outlook to the Company in the future.

### II. Implementation overview:

In 2022, the Company benefited from the localization of the supply chain in China's OLED panel industry. The Company established a factory in Huangshi, Wuhan, achieving growth of nearly 60% in the precision metal mask segment. The semi-conductor and national defense equipment industries have also grown by 20% thanks to the popularity of advanced semi-conductor processes and the increase in defense budget. The Group's overall consolidated revenue has grown by 46% compared to the 2021. Heat-dissipating materials is a new business entered by the Company, but due to deficiencies in production technology and management, the Company still suffers losses in this category. The Company will continue to improve these shortcomings and expect good performance in the field of heat dissipation materials in 2023. The reinvestment in the Vietnam plant will also begin mass production in 2023. The main products will be mainly heat-dissipating materials, which will be the main driver for the Company's operation and growth in 2023.

### III. Implementation of operational plan:

Unit: NT\$ Thousand

Item	Actual amount in 2022	Actual amount in 2021	Increase (decrease) %
Operating revenue	1,250,628	856,083	46.09%
Gross profit	321,181	286,421	12.14%
Operating income	21,732	63,684	(65.88%)
Net income before tax	47,370	97,756	(51.54%)
Net income after tax	22,709	74,657	(69.58%)
Earnings per share	(0.55)	0.39	(241.03%)

### IV. Implementation of operating income and expense budget:

The Company did not disclose financial forecast in 2022.

### V. Analysis of profitability:

Item		2022	2021
Financial structure	Ratio of Liabilities to Assets (%)	40.92	35.88
	Long-term capital to fixed assets (%)	157.37	152.47
Solvency	Current ratio (%)	139.70	157.27
	Quick ratio (%)	103.99	115.16
Return on total assets (%)		1.25	3.23
Return on equity (%)		1.28	4.39
Ratio to paid-in capital (%)	Operating income	3.27	9.59
	Net income before tax	7.14	14.72
Profit margin (%)		1.82	8.72

### VI. Research and development and prospect:

In addition to the continuous research and development of precision metal etching technology to serve customers, the Company will focus on the development of G8.5 CMM mask manufacturing technology and the development of new generation heat dissipation components in 2023.

Looking to the future, innovation and R&D will be the cornerstone of the competitiveness of companies. We will continue to conduct R&D for innovative applications and refinement of production technology in the future in order to guide the Company through innovative R&D, and to create profits through advanced technology. In 2023, with the joint efforts of all employees, we are determined to create better profits for all shareholders and create a

better workplace for all employees.

Chairman :

Company officer :

Chief Accounting Officer :

Attachment 2
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## FINEMAT APPLIED MATERIALS CO., LTD.

### Audit Committee's Review Report

The Board of Directors prepared the Company's 2022 annual business report, consolidated and parent company only financial statements and earnings distribution proposal. Among them, the consolidated and parent company only financial statements have been checked by Lin Tzu-Yu, CPA and Liu Tze-Meng, CPA of PwC Taiwan and an audit report with unqualified opinion has been issued. Said business report, consolidated and parent company only financial statements and earnings distribution proposal have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with the Securities and Exchange Act and Company Act. Please review it accordingly.

FINEMAT APPLIED MATERIALS CO., LTD.

Convener of Audit Committee Meeting: Tseng Chung-Nan

March 15, 2023

## Attachment 3

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

## **Valuation of impairment provision for accounts receivable**

### Description

Refer to Note 4(6) for the accounting policy on accounts receivable valuation, Note 5(2) for the information on accounting estimation and assumption uncertainty in relation to accounts receivable valuation, and Note 6(2) for details of impairment provision for accounts receivable and its disclosures. As of December 31, 2022, the balances of accounts receivable and impairment provision for accounts receivable were NT\$182,366 thousand and NT\$1,338 thousand, respectively.

The Company's provision policy for accounts receivable is based on a comprehensive evaluation of customer characteristics, historical collection experience, economic situation, and financial condition of the region where the customer is located. The Company applies the simplified approach using a provision matrix to estimate the loss rates for each aging range and recognizes the impairment losses accordingly.

The provision for accounts receivable, which is based on the estimation of loss rate, usually involves subjective judgment and contains estimation uncertainty. Considering that the Company's accounts receivable and its impairment provision are material to the financial statements, we consider the valuation of impairment provision for accounts receivable as one of the key audit matters.

### How our audit addressed the matter

We performed the following audit procedures in response of the abovementioned key audit matter:

- A. Obtained an understanding of the reasonableness of the provision policy and procedure for accounts receivable.
- B. We verified the dates used in the aging reports that the Company applied to value accounts receivable were accurate.
- C. We selected samples and reviewed the reasonableness of loss rates of each aging range determined by management based on the provision policy.
- D. Tested the report used in the valuation of accounts receivable to assess the adequacy of allowance for uncollectible accounts.

## **Responsibilities of management and those charged with governance for the parent company only financial statements**

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

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

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

## **Auditors' responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets			Notes		December 31, 2022		December 31, 2021	
					AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$	132,101	6	\$	138,438	8
1150	Notes receivable, net	6(2)		2,541	-		3,004	-
1170	Accounts receivable, net	5(2), 6(2) and 12		121,921	6		126,209	7
1180	Accounts receivable - related parties, net	5(2) and 7		59,107	3		19,666	1
1200	Other receivables			3,210	-		3,683	-
1210	Other receivables - related parties	7		56,588	3		-	-
130X	Inventories	6(3)		97,900	5		81,557	5
1410	Prepayments			14,485	1		5,749	-
1476	Other current financial assets	6(1) and 8		1,036	-		1,028	-
11XX	Total current assets			488,889	24		379,334	21
Non-current assets								
1550	Investments accounted for under equity method	6(4) and 7		873,398	42		685,082	39
1600	Property, plant and equipment	6(5)(6)(9), 7 and 8		650,932	32		654,842	37
1755	Right-of-use assets	6(5)(6)		4,230	-		6,984	1
1760	Investment property, net	6(7)(9) and 8		584	-		890	-
1780	Intangible assets	6(8)		1,277	-		2,279	-
1840	Deferred income tax assets	6(23)		33,248	2		37,148	2
1920	Guarantee deposits paid	6(5)(6)		4,883	-		4,883	-
1990	Other non-current assets			869	-		1,329	-
15XX	Total non-current assets			1,569,421	76		1,393,437	79
1XXX	Total assets		\$	2,058,310	100	\$	1,772,771	100

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes		December 31, 2022		December 31, 2021	
					AMOUNT	%	AMOUNT	%
Liabilities								
Current liabilities								
2100	Short-term borrowings	6(10) and 8	\$	377,000	18	\$	95,000	6
2130	Current contract liabilities	6(16)		878	-		64	-
2170	Accounts payable			60,513	3		66,178	4
2180	Accounts payable - related parties	7		11,104	1		5,576	-
2200	Other payables			50,398	3		48,716	3
2230	Current income tax liabilities	6(23)		9	-		-	-
2280	Current lease liabilities			2,768	-		2,738	-
2320	Long-term liabilities, current portion	6(11) and 8		86,546	4		126,715	7
21XX	Total current liabilities			589,216	29		344,987	20
Non-current liabilities								
2540	Long-term borrowings	6(11) and 8		168,444	8		195,135	11
2570	Deferred income tax liabilities	6(23)		14,831	1		14,982	1
2580	Non-current lease liabilities			1,494	-		4,262	-
25XX	Total non-current liabilities			184,769	9		214,379	12
2XXX	Total liabilities			773,985	38		559,366	32
Equity								
Share capital								
3110	Common stock	6(13)		663,898	32		663,898	37
Capital reserves								
3200	Capital surplus	6(14)		503,465	25		396,701	22
Retained earnings								
3310	Legal reserve	6(15)		41,495	2		38,886	2
3320	Special reserve			16,526	1		13,982	1
3350	Unappropriated retained earnings			93,936	4		140,650	8
3400	Other equity interest		(	10,808)	( 1)	(	16,525)	( 1)
3500	Treasury stocks	6(13)	(	24,187)	( 1)	(	24,187)	( 1)
3XXX	Total equity			1,284,325	62		1,213,405	68
Significant Contingent Liabilities and								
Unrecognized Current Commitments								
3X2X	Total liabilities and equity		\$	2,058,310	100	\$	1,772,771	100

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7		\$ 525,671	100	\$ 356,988	100
5000 Operating costs	6(3)(8)(12)(21)(22) and 7		( 463,997)	( 88)	( 304,884)	( 85)
5900 Gross profit			61,674	12	52,104	15
Operating expenses	6(8)(12)(21)(22) and 12					
6100 Selling expenses			( 34,455)	( 7)	( 22,084)	( 6)
6200 General and administrative expenses			( 53,306)	( 10)	( 47,477)	( 13)
6300 Research and development expenses			( 37,463)	( 7)	( 24,049)	( 7)
6450 Expected credit impairment (loss) gain			( 783)	-	641	-
6000 Total operating expenses			( 126,007)	( 24)	( 92,969)	( 26)
6900 Operating loss			( 64,333)	( 12)	( 40,865)	( 11)
Non-operating income and expenses						
7100 Interest income	6(17) and 7		1,378	-	65	-
7010 Other income	6(4)(6)(18) and 7		9,491	2	36,682	10
7020 Other gains and losses	6(7)(19) and 12		15,481	3	( 1,798)	-
7050 Finance costs	6(5)(6)(20)		( 6,792)	( 1)	( 2,351)	( 1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)		11,145	2	38,828	11
7000 Total non-operating income and expenses			30,703	6	71,426	20
7900 (Loss) profit before income tax			( 33,630)	( 6)	30,561	9
7950 Income tax expense	6(23)		( 2,419)	( 1)	( 4,467)	( 1)
8200 (Loss) profit for the year			( \$ 36,049)	( 7)	( \$ 26,094)	8
Other comprehensive (loss) income(Net)						
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations	6(4)		\$ 7,146	1	( \$ 3,179)	( 1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)		( 1,429)	-	636	-
8300 Other comprehensive income (loss) for the year			\$ 5,717	1	( \$ 2,543)	( 1)
8500 Total comprehensive (loss) income for the year			( \$ 30,332)	( 6)	( \$ 23,551)	7
(Loss) earnings per share	6(24)					
9750 Basic			( \$ 0.55)		( \$ 0.39)	
9850 Diluted			( \$ 0.55)		( \$ 0.39)	

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings				Other Equity Interest			
	Notes	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total
<u>Year ended December 31, 2021</u>									
Balance at January 1, 2021		\$ 663,898	\$ 396,582	\$ 38,401	\$ 17,586	\$ 144,632	(\$ 13,982 )	\$ -	\$1,247,117
Profit for the year		-	-	-	-	26,094	-	-	26,094
Other comprehensive loss for the year		-	-	-	-	-	( 2,543 )	-	( 2,543 )
Total comprehensive income (loss) for the year		-	-	-	-	26,094	( 2,543 )	-	23,551
Appropriations of 2020 earnings:									
Legal reserve		-	-	485	-	( 485 )	-	-	-
Special reserve		-	-	-	( 3,604 )	3,604	-	-	-
Cash dividends	6(15)	-	-	-	-	( 33,195 )	-	-	( 33,195 )
Adjustment for change in capital reserve of investee companies	6(4)(14)	-	119	-	-	-	-	-	119
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	( 24,187 )	( 24,187 )
Balance at December 31, 2021		<u>\$ 663,898</u>	<u>\$ 396,701</u>	<u>\$ 38,886</u>	<u>\$ 13,982</u>	<u>\$ 140,650</u>	<u>(\$ 16,525 )</u>	<u>(\$ 24,187 )</u>	<u>\$1,213,405</u>
<u>Year ended December 31, 2022</u>									
Balance at January 1, 2022		\$ 663,898	\$ 396,701	\$ 38,886	\$ 13,982	\$ 140,650	(\$ 16,525 )	(\$ 24,187 )	\$1,213,405
Loss for the year		-	-	-	-	( 36,049 )	-	-	( 36,049 )
Other comprehensive income for the year		-	-	-	-	-	5,717	-	5,717
Total comprehensive (loss) income for the year		-	-	-	-	( 36,049 )	5,717	-	( 30,332 )
Adjustment of capital reserve due to change in interests of investee companies	6(4)(14)	-	95,778	-	-	-	-	-	95,778
Adjustment of retained earnings due to change in interests of subsidiaries	6(4) and 7	-	-	-	-	( 4,449 )	-	-	( 4,449 )
Adjustment for change in capital reserve of investee companies	6(4)(14)	-	274	-	-	-	-	-	274
Adjustment of and capital reserve and retained earnings due to change in interests of investee companies	6(4)(14)	-	( 2,070 )	-	-	( 1,063 )	-	-	( 3,133 )
Difference between aquisition or disposal price and carring amounts of subsidiaries	6(14) and 7	-	12,782	-	-	-	-	-	12,782
Appropriations of 2021 earnings:									
Legal reserve	6(15)	-	-	2,609	-	( 2,609 )	-	-	-
Special reserve	6(15)	-	-	-	2,544	( 2,544 )	-	-	-
Balance at December 31, 2022		<u>\$ 663,898</u>	<u>\$ 503,465</u>	<u>\$ 41,495</u>	<u>\$ 16,526</u>	<u>\$ 93,936</u>	<u>(\$ 10,808 )</u>	<u>(\$ 24,187 )</u>	<u>\$1,284,325</u>

The accompanying notes are an integral part of these parent company only financial statements.

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) profit before tax		( \$ 33,630 )	\$ 30,561
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (loss) gain	12	783 (	641 )
Loss on inventory market price decline	6(3)	3,420	2,257
Gain recognized in bargain purchase transaction	6(4)(18)	- (	6,384 )
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	( 11,145 ) (	38,828 )
Depreciation	6(5)(6)(7)	54,667	47,774
(Gain) loss on disposal of property, plant and equipment	6(19)	( 606 )	470
Revenue on rent concessions	6(6)(18)	- (	190 )
Amortization	6(8)(21)	1,085	1,055
Interest income	6(17)	( 1,378 ) (	65 )
Interest expense	6(20)	6,792	2,351
Changes in assets and liabilities			
Changes in operating assets			
Notes receivable		463	2,493
Accounts receivable		3,505 (	54,001 )
Accounts receivable - related parties		( 39,441 ) (	6,394 )
Other receivables		473 (	3,683 )
Other receivables - related parties		( 16,730 )	-
Inventories		( 19,763 ) (	34,622 )
Prepayments		( 8,736 )	5,779
Changes in operating liabilities			
Current contract liabilities		814 (	725 )
Accounts payable		( 5,665 )	46,318
Accounts payable - related parties		5,528 (	1,633 )
Other payables		2,643	14,420
Cash (outflow) inflow generated from operations		( 56,921 )	6,312
Interest received		1,378	65
Dividends received	6(4)	32,717	30,251
Interest paid		( 6,527 ) (	2,244 )
Income tax paid		( 90 ) (	3,210 )
Net cash flows (used in) from operating activities		( 29,443 )	31,174

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in other receivables - related parties		(\$ 39,858 )	\$ -
Increase in other current financial assets		( 8 )	( 8 )
Aquisition of investments accounted for under equity method - subsidiary	7	( 121,729 )	( 49,504 )
Proceeds from disposal of investments accounted for under equity method-subidiaries	7	20,239	-
Cash paid for acquisition of property, plant and equipment	6(25)	( 50,144 )	( 188,625 )
Interest paid for acquisition of property, plant and equipment	6(5)(20)(25)	-	( 208 )
Proceeds from disposal of property, plant and equipment		1,827	2,580
Acquisition of intangible assets	6(8)	( 83 )	( 262 )
Increase in guarantee deposits paid		-	( 4,433 )
Decrease(increase) in other non-current assets		460	( 880 )
Net cash flows used in investing activities		( 189,296 )	( 241,340 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(26)	1,253,300	95,000
Decrease in short-term borrowings	6(26)	( 971,300 )	-
Payments of lease liability	6(26)	( 2,738 )	( 2,712 )
Increase in long-term borrowings	6(26)	35,024	140,100
Decrease in long-term borrowings	6(26)	( 101,884 )	( 3,900 )
Payments of cash dividends	6(15)	-	( 33,195 )
Purchase of treasury stocks	6(13)	-	( 24,187 )
Net cash flows from financing activities		212,402	171,106
Net decrease in cash and cash equivalents		( 6,337 )	( 39,060 )
Cash and cash equivalents at beginning of year	6(1)	138,438	177,498
Cash and cash equivalents at end of year	6(1)	\$ 132,101	\$ 138,438

The accompanying notes are an integral part of these parent company only financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

### **Opinion**

We have audited the accompanying consolidated balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. and its subsidiaries (collectively referred herein as the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

## **Valuation of impairment provision for accounts receivable**

### Description

Refer to Note 4(9) for the accounting policy on accounts receivable valuation, Note 5(2) for the information on accounting estimation and assumption uncertainty in relation to accounts receivable valuation, and Note 6(2) for details of impairment provision for accounts receivable and its disclosures. As of December 31, 2022, the balances of accounts receivable and impairment provision for accounts receivables were \$399,116 thousand and \$3,039 thousand, respectively.

The Group's provision policy on accounts receivable is based on a comprehensive evaluation of customer characteristics, historical collection experience, economic situation, and financial condition of the region where the customer is located. The Group applies the simplified approach using a provision matrix to estimate the loss rates for each aging range and recognizes the impairment losses accordingly.

The provision for accounts receivable, which is based on the estimation of loss rate, usually involves subjective judgment and contains estimation uncertainty. Considering that the Group's accounts receivable and its impairment provision are material to the financial statements, we consider the valuation of impairment provision for accounts receivable as one of the key audit matters.

### How our audit addressed the matter

We performed the following audit procedures in response of the abovementioned key audit matter:

- A. Obtained an understanding of the reasonableness of the provision policy and procedure for accounts receivable.
- B. We verified the dates used in the aging reports that the Group applied to value accounts receivable were accurate.
- C. We selected samples and reviewed the reasonableness of loss rates of each aging range determined by management based on the provision policy.
- D. Tested the report used in the valuation of accounts receivable to assess the adequacy of allowance for uncollectible accounts.

## **Operating revenue - Cut-off of revenue from microwave semiconductor devices**

### Description

Refer to Note 4(27) for the accounting policy on revenue recognition, and Note 6(17) for details of operating revenue.

Operating revenue from microwave semiconductor devices are recognized at a point in time when the risk and rewards of the goods are transferred to customers upon acceptance according to the terms specified in the contracts. As the sales require to confirm whether the significant risk and rewards in relation to the ownership of the goods have been transferred to the customer, it involves manual procedures and subjective judgement. Given that there is a risk of material misstatement from improper revenue recognition, we consider the cut-off of revenue from microwave semiconductor devices a key audit matter in our audit.

### How our audit addressed the matter

We performed the following audit procedures on the abovementioned key audit matter:

- A. Obtained an understanding and assessed the accounting policies of revenue recognition.
- B. Obtained an understanding and assessed the internal controls over revenue recognition on microwave semiconductor devices, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
- C. Performed cut-off tests on sales revenue transactions that took place during a certain period before and after the balance sheet date to ascertain whether the revenue was recognized when risk and rewards of goods have been transferred and revenue was recognized and recorded in the proper period.

## **Other matter - Parent company only financial statements**

We have audited and expressed an unqualified opinion on the parent company only financial statements of FINEMAT APPLIED MATERIALS CO., LTD. as of and for the years ended December 31, 2022 and 2021.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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, including audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the consolidated 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 remain solely responsible for our audit opinion.

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

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

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

Lin, Tzu-shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 565,971	18	\$ 451,077	17
1136	Financial assets at amortized cost - current	6(1) and 8	9,800	-	62,100	3
1140	Current contract assets	6(17)	17,866	1	18,418	1
1150	Notes receivable, net	6(2) and 7	3,128	-	4,666	-
1170	Accounts receivable, net	6(2), 7 and 12	396,077	13	300,047	11
1200	Other receivables		5,160	-	5,766	-
1210	Other receivables - related parties	7	59,033	2	-	-
1220	Current income tax assets	6(24)	122	-	-	-
130X	Inventories	6(3)	281,392	9	166,742	6
1410	Prepayments		43,235	1	30,137	1
1476	Other current financial assets	6(1) and 8	1,036	-	1,028	-
11XX	Total current assets		1,382,820	44	1,039,981	39
Non-current assets						
1535	Financial assets at amortized cost - non-current	6(1) and 8	4,700	-	-	-
1550	Investments accounted for under equity method	6(4)	149,782	5	60,770	2
1600	Property, plant and equipment	6(5)(6)(9), 7 and 8	1,350,136	43	1,304,085	49
1755	Right-of-use assets	6(5)(6) and 8	64,493	2	66,389	3
1760	Investment property, net	6(7)(9) and 8	584	-	890	-
1780	Intangible assets	6(8)	65,964	2	74,536	3
1840	Deferred income tax assets	6(24)	45,100	2	40,945	2
1915	Prepayments for equipment	6(5)	21,660	1	26,187	1
1920	Guarantee deposits paid	6(5) and 8	24,251	1	30,012	1
1990	Other non-current assets		5,146	-	5,852	-
15XX	Total non-current assets		1,731,816	56	1,609,666	61
1XXX	Total assets		\$ 3,114,636	100	\$ 2,649,647	100

(Continued)

**FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021					
			Notes	AMOUNT	%	AMOUNT	%			
Liabilities										
Current liabilities										
2100	Short-term borrowings	6(10) and 8	\$	510,617	16	\$	192,994	7		
2130	Current contract liabilities	6(17)		6,142	-		530	-		
2150	Notes payable			34	-		7,930	-		
2170	Accounts payable			117,477	4		96,711	4		
2180	Accounts payable - related parties	7		54,034	2		9,575	-		
2200	Other payables	6(11)		151,566	5		106,684	4		
2220	Other payables - related parties	7		273	-		41,796	2		
2230	Current income tax liabilities	6(24)		19,030	1		24,219	1		
2250	Current provisions			859	-		512	-		
2280	Current lease liabilities			3,162	-		3,491	-		
2320	Long-term liabilities, current portion	6(12) and 8		126,658	4		176,834	7		
21XX	Total current liabilities			989,852	32		661,276	25		
Non-current liabilities										
2540	Long-term borrowings	6(12) and 8		259,579	8		260,102	10		
2570	Deferred income tax liabilities	6(24)		23,500	1		24,782	1		
2580	Non-current lease liabilities			1,658	-		4,495	-		
25XX	Total non-current liabilities			284,737	9		289,379	11		
2XXX	Total liabilities			1,274,589	41		950,655	36		
Equity attributable to owners of parent										
Share capital										
3110	Common stock	6(14)		663,898	21		663,898	25		
Capital reserves										
3200	Capital surplus	6(4)(15)(26)		503,465	16		396,701	15		
Retained earnings										
3310	Legal reserve	6(16)(26)		41,495	1		38,886	2		
3320	Special reserve			16,526	1		13,982	1		
3350	Unappropriated retained earnings			93,936	3		140,650	5		
3400	Other equity interest	6(4)	(	10,808)	-	(	16,525)	(	1)	
3500	Treasury stocks	6(14)	(	24,187)	(	1)	(	24,187)	(	1)
31XX	Equity attributable to owners of the parent			1,284,325	41		1,213,405	46		
36XX	Non-controlling interest	4(3), 6(4)(26) and 7		555,722	18		485,587	18		
3XXX	Total equity			1,840,047	59		1,698,992	64		
Significant Contingent Liabilities and Unrecognized Contract Commitments										
Total liabilities and equity			\$	3,114,636	100	\$	2,649,647	100		

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(17) and 7		\$ 1,250,628	100	\$ 856,083	100
5000 Operating costs	6(3)(8)(13)(22)(23) and 7		( 929,447)	( 74)	( 569,662)	( 66)
5900 Gross profit			321,181	26	286,421	34
Operating expenses	6(8)(13)(22)(23), 7 and 12					
6100 Selling expenses			( 55,341)	( 5)	( 42,467)	( 5)
6200 General and administrative expenses			( 163,749)	( 13)	( 118,935)	( 14)
6300 Research and development expenses			( 79,164)	( 6)	( 70,471)	( 8)
6450 Expected credit impairment (loss) gain			( 1,195)	-	9,136	1
6000 Total operating expenses			( 299,449)	( 24)	( 222,737)	( 26)
6900 Operating profit			21,732	2	63,684	8
Non-operating income and expenses						
7100 Interest income	6(18)		2,569	-	1,256	-
7010 Other income	6(6)(19) and 7		47,436	4	38,906	5
7020 Other gains and losses	6(6)(7)(20), 7 and 12		6,900	-	821	-
7050 Finance costs	6(5)(6)(21)	(	16,529)	( 1)	( 6,376)	( 1)
7060 Share of (loss) profit of associates and joint ventures accounted for under equity method	6(4)		( 14,738)	( 1)	1,107	-
7000 Total non-operating revenue and expenses			25,638	2	34,072	4
7900 Profit before income tax			47,370	4	97,756	12
7950 Income tax expense	6(24)	(	24,661)	( 2)	( 23,099)	( 3)
8200 Profit for the year			\$ 22,709	2	\$ 74,657	9
Other comprehensive income (loss)(Net)						
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations		\$	35,224	2	( \$ 907)	-
8370 Share of other comprehensive loss of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(4)		( 26,154)	( 2)	( 3,228)	( 1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)		( 1,578)	-	1,064	-
8300 Other comprehensive income (loss) for the year			\$ 7,492	-	( \$ 3,071)	( 1)
8500 Total comprehensive income for the year			\$ 30,201	2	\$ 71,586	8
(Loss) profit attributable to:						
8610 Owners of the parent		( \$	36,049)	( 3)	\$ 26,094	3
8620 Non-controlling interest			58,758	5	48,563	6
Profit for the year			\$ 22,709	2	\$ 74,657	9
Comprehensive (loss) income attributable to:						
8710 Owners of the parent		( \$	30,332)	( 3)	\$ 23,551	2
8720 Non-controlling interest			60,533	5	48,035	6
Total comprehensive income for the year			\$ 30,201	2	\$ 71,586	8
(Loss) earnings per share	6(25)					
9750 Basic		( \$	0.55)		\$ 0.39	
9850 Diluted		( \$	0.55)		\$ 0.39	

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



FineMat Applied Materials Co., Ltd. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent										
Retained Earnings										
		Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock									
Year ended December 31, 2021										
Balance at January 1, 2021	\$ 663,898	\$ 396,582	\$ 38,401	\$ 17,586	\$ 144,632	(\$ 13,982 )	\$ -	\$ 1,247,117	\$ 451,556	\$ 1,698,673
Profit for the year	-	-	-	-	26,094	-	-	26,094	48,563	74,657
Other comprehensive loss for the year	-	-	-	-	-	( 2,543 )	-	( 2,543 )	( 528 )	( 3,071 )
Total comprehensive income	-	-	-	-	26,094	( 2,543 )	-	23,551	48,035	71,586
Appropriations of 2020 earnings:										
Legal reserve	-	-	485	-	( 485 )	-	-	-	-	-
Special reserve	-	-	-	( 3,604 )	3,604	-	-	-	-	-
Cash dividends	6(16)	-	-	-	( 33,195 )	-	-	( 33,195 )	-	( 33,195 )
Adjustment for change in capital reserve of investee companies	6(15)	-	119	-	-	-	-	119	162	281
Purchase of treasury stocks	6(14)	-	-	-	-	-	( 24,187 )	( 24,187 )	-	( 24,187 )
Decrease in non-controlling interest	4(3)	-	-	-	-	-	-	-	( 32,243 )	( 32,243 )
Effect of business combination	-	-	-	-	-	-	-	-	18,077	18,077
Balance at December 31, 2021	\$ 663,898	\$ 396,701	\$ 38,886	\$ 13,982	\$ 140,650	(\$ 16,525 )	(\$ 24,187 )	\$ 1,213,405	\$ 485,587	\$ 1,698,992
Year ended December 31, 2022										
Balance at January 1, 2022	\$ 663,898	\$ 396,701	\$ 38,886	\$ 13,982	\$ 140,650	(\$ 16,525 )	(\$ 24,187 )	\$ 1,213,405	\$ 485,587	\$ 1,698,992
(Loss) profit for the year	-	-	-	-	( 36,049 )	-	-	( 36,049 )	58,758	22,709
Other comprehensive income for the year	-	-	-	-	-	5,717	-	5,717	1,775	7,492
Total comprehensive income	-	-	-	-	( 36,049 )	5,717	-	( 30,332 )	60,533	30,201
Adjustment of capital reserve due to change in interest of investee companies	6(4)(15)	-	95,778	-	-	-	-	95,778	34,126	129,904
Adjustment for change in capital reserve of investee companies	6(15)	-	274	-	-	-	-	274	390	664
Adjustment of retained earnings due to change in interest of subsidiaries	6(26)	-	-	-	( 4,449 )	-	-	( 4,449 )	4,449	-
Adjustment of and capital reserve and retained earnings due to change in interests of investee companies	6(15)(26)	-	( 2,070 )	-	( 1,063 )	-	-	( 3,133 )	( 317 )	( 3,450 )
Difference between aquisition or disposal price and carrng amounts of subsidiaries	6(15)(26)	-	12,782	-	-	-	-	12,782	( 2,695 )	10,087
Appropriations of 2021 earnings										
Legal reserve	-	-	2,609	-	( 2,609 )	-	-	-	-	-
Special reserve	-	-	-	2,544	( 2,544 )	-	-	-	-	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	( 26,351 )	( 26,351 )
Balance at December 31, 2022	\$ 663,898	\$ 503,465	\$ 41,495	\$ 16,526	\$ 93,936	(\$ 10,808 )	(\$ 24,187 )	\$ 1,284,325	\$ 555,722	\$ 1,840,047

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

**FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 47,370	\$ 97,756
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12	1,195	( 9,136 )
Loss on inventory market price decline	6(3)	4,051	2,850
Share of profit (loss) of associates and joint ventures accounted for under equity method	6(4)		
Gain recognized in bargain purchase transaction	6(19)(28)	14,738	( 1,107 )
Depreciation	6(5)(6)(7)	-	( 6,384 )
(Gain) loss on disposal of property, plant and equipment	6(20)	113,333	90,180
Property, plant and equipment transferred to expense		( 548 )	388
Profit from lease modification	6(5)	-	100
Revenue on rent concession	6(6)(20)	-	( 4 )
Amortization	6(6)(19)	-	( 190 )
Interest income	6(8)(22)	11,895	11,273
Interest expenses	6(18)	( 2,569 )	( 1,256 )
	6(21)	16,529	6,376
Changes in assets and liabilities			
Changes in operating assets			
Current contract assets		552	( 18,418 )
Notes receivable		1,538	6,285
Accounts receivable		( 97,241 )	( 114,103 )
Other receivables		606	( 5,260 )
Other receivables - related parties		( 59,033 )	-
Inventories		( 118,701 )	( 27,543 )
Prepayments		( 13,098 )	28,871
Changes in operating liabilities			
Current contract liabilities		5,612	( 1,105 )
Notes payable		( 7,896 )	141
Accounts payable		20,766	47,906
Accounts payable - related parties		44,459	( 2,178 )
Other payables		24,808	11,899
Other payables - related parties		171	181
Current provisions		347	246
Cash inflow generated from operations		8,884	117,768
Interest received		2,569	1,256
Interest paid		( 12,569 )	( 6,183 )
Income tax paid		( 36,987 )	( 16,908 )
Net cash flows (used in) from operating activities		( 38,103 )	95,933

(Continued)

**FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in financial assets at amortized cost		\$ 47,600	(\$ 62,100 )
(Increase) decrease in other financial assets - current		( 8 )	992
Acquisition of investments accounted for under equity method	6(4)	-	( 52,338 )
Cash paid for acquisition of property, plant and equipment	6(28)	( 144,208 )	( 236,862 )
Interest paid for acquisition of property, plant and equipment	6(5)(21)(28)	-	( 208 )
Proceeds from disposal of property, plant and equipment		15,163	2,789
Acquisition of intangible assets	6(8)	( 3,251 )	( 4,252 )
Increase in prepayments for equipment		( 18,747 )	( 18,576 )
Decrease (increase) in guarantee paid		5,761	( 16,053 )
Decrease in other current financial assets		-	5,000
Decrease (increase) in other non-current assets		706	( 462 )
Cash paid for the acquisition of subsidiaries	6(28)	-	( 23,843 )
Net cash flows used in investing activities		( 96,984 )	( 405,913 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(29)	1,619,302	507,633
Decrease in short-term borrowings	6(29)	( 1,310,240 )	( 403,592 )
Decrease in other payables - related parties		( 14,484 )	-
Payments of lease liabilities	6(29)	( 3,647 )	( 3,501 )
Increase in long-term borrowings	6(29)	115,704	198,886
Decrease in long-term borrowings	6(29)	( 170,024 )	( 66,398 )
Payment of cash dividends	6(16)	-	( 33,195 )
Purchase of treasury stocks	6(14)	-	( 24,187 )
Decrease in non-controlling interests		( 26,351 )	( 32,243 )
Net cash flows from financing activities		210,260	143,403
Effect of exchange rate changes on cash and cash equivalents		39,721	( 2,129 )
Net increase (decrease) in cash and cash equivalents		114,894	( 168,706 )
Cash and cash equivalents at beginning of year	6(1)	451,077	619,783
Cash and cash equivalents at end of year	6(1)	\$ 565,971	\$ 451,077

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

## Appendix 1

# FINEMAT APPLIED MATERIALS CO., LTD.

## Articles of Incorporation

### Chapter I. General Provisions

- Article 1: The Company is incorporated under the Company Act of the Republic of China and named Finemat Applied Materials Co., Ltd.
- Article 2: The Company's business lines are specified as follows:
- Article 3: The Company's head office is situated in Tainan City, the R.O.C. and, when necessary, may set up branches locally or overseas upon resolution adopted at the meeting of the Board of Directors.
- Article 3: The Company's total investment may be exempted from the restriction on the investment no more than 40% of the paid-in capital referred to in Article 13 of the Company Act.
- 1:
- Article 4: The Company shall make announcements in the manner referred to in Article 28 of the Company Act and other related laws. The Company may make guarantees for others to satisfy its business needs. Upon the Company's public offering, it shall do so only in accordance with the Company's Operating Procedure for Making of Endorsements/Guarantees.

### Chapter II. Shares

- Article 5: The total authorized capital stock of the Company shall be in the amount of NT\$1,000,000,000, divided into 10,000,000 shares, at a par value of NT\$10 per share, to be issued in batch. The amount of NT\$ 60,000,000 will be retained from the total capital referred to in the preceding paragraph and this amount is equally split up into 6 million shares at a par value of NT\$10 per share, for the issuance of employee stock warrants. The Board of Directors is authorized to issue the same in batch pursuant to the Company Act and related laws.
- The transferees of shares acquired by the Company pursuant to the Company Act must include the employees of subsidiaries of the Company meeting certain specific requirements. The awardees of employee stock warrants provided by the Company pursuant to the Company Act must include the employees of subsidiaries of the Company meeting certain specific requirements.
- The Company's employees subscribing for new shares issued by the Company pursuant to the Company Act must include the employees of subsidiaries of the Company meeting

certain specific requirements.

The recipients of restricted stock awards issued by the Company pursuant to the Company Act must include the employees of subsidiaries of the Company meeting certain specific requirements.

Article 6: Registration for the transfer of stocks in the roster of shareholders shall be suspended before any annual general meeting and special shareholders' meeting in the manner referred to in Article 165 of the Company Act, and within 5 days before the record date for determination of the shareholders entitled to dividends, bonuses or any other profits distribution by the Company. Upon the Company's public offering, registration for the transfer of stocks in the roster of shareholders shall be suspended 60 days before any annual general meeting, 30 days before any special shareholders' meeting, or 5 days before the record date for determination of the shareholders entitled to dividends, bonuses or any other profits distribution by the Company.

Article 6: The Company is allowed to issue stock in accordance with Article 162 of the Company Act.  
-1: The Company may be exempted from printing any share certificate for the shares issued by the Company, provided that it shall register the issued shares with a centralized securities depository enterprise. The shareholders service shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Article 6: Where the Company wishes to withdraw the public offering after it does so, it shall submit a  
-2: motion to a shareholders' meeting for resolution and never change this provision when the stocks are listed on the emerging stock and TWSE/TPEX.

### Chapter III. Shareholders' Meeting

Article 7: The shareholders' meetings of the Company consist of the annual general meeting and special shareholders' meeting. The annual general shall be convened once a year by the Board of Directors pursuant to laws within six months after the close of each fiscal year. The special shareholders' meeting shall be convened pursuant to related laws whenever necessary. The notice for convening a shareholders' meeting may be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. Said notice referred to in the preceding paragraph may be served to the shareholders holding the registered stock less than 1,000 shares upon the Company's public offering by means of a public notice.

Article 7: If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board  
-1: of Directors shall be the chairperson. In case the Chairman is absent, he/she shall appoint one director to act on behalf of him/her. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman of the Board of Directors. If the

meeting is convened by any convener other than the Board of Directors, the convener shall be the chairperson. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

Article 8: Any shareholder who is unable to attend a shareholders' meeting in person may appoint another shareholder to attend the meeting on behalf of him/her/it in accordance with Article 177 of the Company Act and by personally presenting a power of attorney, executed or sealed by him/her/it, indicating the scope of power. Upon the Company's public offering, the Company shall apply the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 9: The Company's shareholders are entitled to one vote per share, except for shares without voting rights as referred to in Article 179 of the Company Act. When convening a shareholders' meeting, the Company may include the electronic means as one of the approaches to exercise voting rights.

Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for in related laws, be adopted by a majority of voting rights of the shareholders present, who represent more than a majority of the total outstanding shares.

Article 10: Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes.  
-1: The meeting minutes shall be signed by or stamped with the seal of the chairperson and distributed to all shareholders within 20 days after the conclusion of the meeting. The minutes referred to in the preceding paragraph may be produced and distributed in an electronic form. Upon the Company's public offering, the minutes may be distributed by means of a public notice. The meeting minutes shall accurately record the date and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

#### Chapter IV. Directors and Audit Committee

Article 11: The Company shall appoint 5~9 directors for a term of 3 years. They shall be elected by the shareholders' meeting among the shareholders with disposing capacity and may be reelected for a second term of office. The Company shall take out for directors the liability insurance

with respect to liabilities resulting from exercising their duties during their term of office.

The Board of Directors is authorized to determine the insured value and proposals.

Article 11-1: The Company may appoint at least 3 independent directors, who shall be no less than one-fifth of the whole directors. The Company's directors (independent directors) shall be elected via the candidate nomination system referred to in Article 192-1 of the Company Act. The professional qualification, shareholdings, restrictions on concurrent positions, nomination and election of independent directors, and other requirements to be met, shall comply with the related requirements posed by the securities competent authority.

The Board of Directors may establish functional committees pursuant to laws. Establishment and functions of the related committees shall follow the relevant regulations enacted by the competent authority.

Article 11-2: The Company establishes the Audit Committee pursuant to the Securities and Exchange Act. The Audit Committee shall consist of the whole independent directors, including one as the convener and at least one specialized in accounting or finance. Any resolution made by the Audit Committee shall be adopted upon approval of a majority of the whole members.

Article 11-3: The Audit Committee or the Committee members are responsible for performing the supervisor's functions and powers under the Company Act, Securities and Exchange Act, other laws and the Company's Articles of Incorporation and related regulations.

Article 12: The Board of Directors shall consist of the Company's directors. The Chairman shall be elected among and from the directors by a majority of the directors attending a meeting of the Board of Directors at which at least two-third of directors are present. The Chairman shall represent the Company externally.

Resolutions at a meeting of the Board of Directors shall, unless otherwise provided for in the Company Act, be adopted by a majority of the directors present at a meeting attended by a majority of the whole directors. Unless otherwise provided in the Company Act, a meeting of the Board of Directors shall be convened by the Chairman, and a notice setting forth therein the causes thereof shall be sent to each director within 7 days prior to the meeting, provided that the meeting may be convened at any time, in the case of emergencies. The convening of the meeting may be notified to each director, in writing or via email or fax.

Article 13: The Chairman shall chair the meeting of the Board of Directors. If the Chairman is unable to perform duties due to leave of absence or any reason, a proxy shall be appointed in accordance with Article 208 of the Company Act. Directors should attend meetings of the Board of Directors in person. If a director cannot attend for some reason, he or she may appoint another director to attend the meeting on behalf of him/her. However, each director may accept the appointment to act as the proxy of another director only. In case a meeting of

the Board of Directors is conducted in the form of video conference, the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 14: Remuneration must be paid to all directors for their performance of their job duties, irrelevant with profit or loss retained by the Company. The Board of Directors is authorized to decide the remuneration subject to the level and value of the Company's engagement in and contribution to the Company's operation, at the rate generally adopted by the peers in the same industry. The Company may determine the reasonable remuneration to independent directors different from that to the general directors, to its sole discretion.

#### Chapter V. Managers

Article 15: The Company shall employ several managers and the appointment and dismissal of whom shall be carried out pursuant to Article 29 of the Company Act.

#### Chapter VI. Accounting

Article 16: At the end of each fiscal year of the Company, the Company shall prepare (1) Business Report, (2) Financial Statements and (3) Earnings Allocation or Loss Compensation Plan, and submit them within 30 days prior to an annual general meeting for ratification.

Article 16-1: The Company shall, subject to the earnings for the current year, distribute 8%~15% of the earnings as the employee remuneration, and no more than 5% thereof as the director remuneration. provided that the earnings must first be taken to offset against cumulative losses, if any.

The director remuneration may be paid in cash.

The employee remuneration may be paid, in cash or stock, to employees of affiliated companies that satisfy certain criteria.

The earnings for the current year referred to in Paragraph 1 refer to the income before the income before tax earned for the current year less the employee remuneration and director remuneration.

The distribution of remuneration to employees and directors shall be decided per the resolution adopted by a majority of the directors present at a meeting of the Board of Directors attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Article 17: When allocating the earnings retained upon the final accounting of each fiscal year, if any, the Company shall first estimate and reserve the taxes to be paid, offset its losses accumulated in the past, and set aside the legal reserve at 10% of the remaining earnings, unless the legal reserve amounts to the Company's paid-in capital. Then, the Company shall allocate or reverse special reserve pursuant to laws. The residual balance, if any, shall be combined with undistributed earnings, and distributed per resolution on the proposal for distribution submitted by the Board of Directors. According to the Company's dividend policy, the Board of Directors shall prepare the proposal for distribution, subject to the Company's current and future investment environment and funding need, and



domestic/overseas competition and capital budget, and also by taking into account shareholders' interest, balanced stock dividend and the Company's long-term financial planning, pursuant to laws annually, and execute the proposal per resolution by a shareholders' meeting. The Company is growing, and plans to expand production lines and needs capital in next few years. Meanwhile, in order to achieve the Company's robust capital structure and maintain fair capital adequacy ratio, the Company will adopt the balanced stock dividend policy. That is, the earnings will be allocated in the manner referred to in the preceding paragraph, the shareholder bonus may be distributed in cash or stock. If there are earnings upon final accounting in the current year, the shareholder bonus allocable to shareholders shall be equivalent to 10%~80% of the allocable earnings for the current year, and the cash dividend shall be no less than 10%.

Article 17-1: The Company may distribute the stock dividends and bonus, capital surplus or legal reserve to be distributed, in cash, in whole or in part, per the resolution adopted by a majority of the directors present at the meeting of Board of Directors attended by more than two-third of the whole directors, and report the distribution to a shareholders' meeting. Therefore, the resolution per a shareholders' meeting referred to in the preceding article shall not apply under such circumstance.

#### Chapter VII. Supplementary Provisions

Article 18: Any matters not covered herein shall be governed in accordance with the Company Act and related laws.

Article 19: The Articles were enacted on May 15, 2007.  
1st amendments hereto were made on July 12, 2007.  
2nd amendments hereto were made on December 25, 2007.  
3rd amendments hereto were made on June 24, 2008.  
4th amendments hereto were made on June 24, 2010.  
5th amendments hereto were made on October 17, 2012.  
6th amendments hereto were made on June 28, 2016.  
7th amendments hereto were made on June 29, 2017.  
8th amendments hereto were made on November 3, 2017.  
9th amendments hereto were made on May 17, 2018.  
10th amendments hereto were made on October 3, 2018.  
11th amendments hereto were made on June 19, 2019.  
12th amendments hereto were made on June 11, 2020.  
13th amendments hereto were made on June 8, 2022.

FINEMAT APPLIED MATERIALS CO., LTD.

Responsible Person: Chiao Ching-Hsiao

## Appendix 2

# FINEMAT APPLIED MATERIALS CO., LTD.

## Rules of Procedure for Shareholders Meetings

- Article 1      The Rules to be followed by the Company are enacted in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies to assist the Company in establishing sound corporate governance systems and robust supervision functions, and strengthen the management mechanism.
- Article 2      The rules of procedures for shareholders' meetings of the Company, except as otherwise provided by laws, regulations, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3.      Unless otherwise provided by law or regulation, shareholders meetings of the Company shall be convened by the Board of Directors.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the subject of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of an annual general meeting of shareholders or before 15 days before the date of a special shareholders' meeting. The Company shall also prepare electronic versions of the shareholders' meeting manual and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the annual general meeting of shareholders or before 15 days before the date of the special shareholders' meeting. Before 15 days before the date of a shareholders' meeting, the Company shall also have prepared the shareholders' meeting manual and supplemental meeting materials and made them available for review by shareholders at any time. The meeting manual and supplemental materials shall also be displayed at the Company and distributed on-site at the meeting place.
- The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as special motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice. Where re-election of all directors or supervisors as well as their inauguration date is stated in the notice of the

reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any special motion or otherwise in the same meeting.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at an annual general shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. provided a shareholder's proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the Board of Directors. Additionally, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general meeting of shareholders is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission, and the period for submission of shareholder proposals may not be less than 10 days.

Any proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in discussion of the proposal.

Prior to the date for issuance of notice of an annual general meeting, the Company shall inform the shareholders who submit proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included as motions at the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the annual general meeting to be convened.

Article 4. Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least **5 days** before the shareholder meeting. In cases where multiple proxy forms are issued, **the one that arrives first shall prevail**. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Article 5. Shareholders' meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9AM or later than 3PM. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6. The meeting advice must specify details such as meeting time, venue, and important notes where relevant. Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel. Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

The Company shall prepare a sign-in book for shareholders to sign in, and an attending shareholder may hand in an attendance card in lieu of signing on the sign-in book.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Prepare additional ballots if director election is also being held during the meeting.

Where the shareholder is a government agency or juristic person, more than one representative may attend shareholders' meetings on their behalf. Juristic persons that have been designated as proxy attendants can only appoint one representative to attend shareholders' meeting.

Article 7. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Vice Chairman shall act in place of the chairperson; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairperson.

When a managing director or a director serves as chairperson, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chairperson.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

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

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials referred to in the preceding paragraph shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting

rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time, provided, however, that if the total amount of shares represented at the meeting do not exceed one-half of the total number of the issued shares, the chairperson may postpone the meeting, and the postponement of the meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

If the attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholders' meeting shall be held within the next month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final vote according to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate motion in the agenda (including special motions and amendments to the original motions set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of a shareholders' meeting.

The above rule also applies if the shareholder meeting is convened by any authorized party other than the Board of Directors.

Before the parliamentary procedure is accomplished in accordance with the agenda (including special motions) as stated in the preceding two paragraphs, the chairperson cannot announce for the adjournment of the meeting unless with the resolution rendered by the shareholders. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

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

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or

exceeds the scope of the agenda item, the chairperson may terminate the speech.

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

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

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

Article 12: Voting at shareholders' meetings shall be calculated based on numbers of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the special motions and amendments to original proposals of that meeting. Therefore, it is advisable that the Company avoid the submission of special motions and amendments to original proposals.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the

shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

Article 14: The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 15: Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by or stamped with the seal of the chairperson and distributed to all shareholders within 20 days after the conclusion of the meeting. The minutes may be produced and distributed in an electronic form.

The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate



in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Article 16: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from doing so. When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including special motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: The Rules shall be enforced upon approval of a shareholders' meeting. The same shall apply where the Rules are amended.

## Appendix 3

### Shareholding of All Directors

April 15, 2023

Title	Name	Number of shares held	Percentage in total issued shares (%)
Chairman	Chao Chin-Hsiao	6,396,814	9.64%
Director	Elan Investment Co., Ltd. Representative: Dennis Liu	8,900,373	13.41%
Director	Wistron Corporation Representative: Chiu Kao-Ling	4,589,258	6.91%
Director	Sheng Tai Co., Ltd. Representative: Ni Hui-Min	556,573	0.84%
Director	Li Wei-Cheng	1,052,336	1.59%
Independent director	Chen Cheng-Li	0	0.00%
Independent director	Tseng Chung-Nan	0	0.00%
Independent director	Chou Hui-Yu	0	0.00%
Independent director	Anita Chu	0	0.00%

Note: As of April 15, 2023, the Company has issued a total of 66,389,753 shares.