

Stock Code 3311
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Silitech Technology Corporation

## 2023 Annual General Shareholders' Meeting

### Handbook (Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Date: June 14, 2023 at 9:30 a.m.

Location: No. 73, Kuirou Shan Rd., Tamsui Dist., New Taipei City  
(Silitech Technology Corporation)

Shareholders meeting will be held by means of physical meeting

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## **Part I : 2023 Annual General Shareholders' Meeting Procedure**

- I. Chairperson Calls Meeting to Order
- II. Opening Remarks by the Chairperson
- III. Reported Matters
- IV. Acknowledged Matters
- V. Matters for Discussion
- VI. Extemporaneous Motions
- VII. Adjournment

## **Part II : 2023 Annual General Shareholders' Meeting Agenda**

- I. Chairperson Calls the Meeting to Order (and reports equity shares in attendance)
- II. Opening Remarks by the Chairperson
- III. Reported Matters
  - i. 2022 Business Report
  - ii. Audit Committee's Review Report
  - iii. Employees and Directors Compensation for 2022
  - iv. Amendment to "Regulation and Procedure for Board of Directors Meetings"
- IV. Acknowledged Matters
  - i. Adoption of 2022 Business Report and Financial Statements
  - ii. Adoption of the Proposal for Appropriation of 2022 Earnings
- V. Matters for Discussion  
Discuss to Release of Directors from Non-competition Restrictions
- VI. Extemporaneous Motions
- VII. Adjournment

### **III. Reported Matters**

#### **i. 2022 Business Report**

Explanation: Please refer to attachment 1 for 2022 Business Report of the Company.

#### **ii. Audit Committee's Review Report**

Explanation:

1. 2022 Financial Statements of the Company have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche. The aforementioned financial statements, business report, and the proposal for appropriation of earnings have been duly reviewed by the Audit Committee. Audit Committee's Review Report is provided herein.
2. Please refer to Attachment 2 & Attachment 3 for details of the Certified Public Accountants' Audit Report and aforementioned Financial Statements.
3. Please refer to Attachment 4 for the Review Report provided by the Audit Committee.

#### **iii. Employees and Directors Compensation for 2022**

Explanation:

1. The Company allocated the profit of 2022 to employees and directors as compensation and were discussed and resolved in the Board of Directors meeting convened on February 23, 2023.
2. The Company's Board of Directors resolved 2022 profit allocated to employees at the amount of NT\$3,389,961 and to directors at the amount of NT\$2,259,974, all paid in cash.

#### **iv. Amendment to "Regulation and Procedure for Board of Directors Meetings"**

Explanation:

1. In order to comply with the regulations from competent authorities and to accommodate the Company's business practice, an amendment to "Regulation and Procedure for Board of Directors Meetings" has been made.
2. Please refer to Attachment 5 for a comparison of the contents before and after amendment.

## IV. Acknowledged Matters

### **i. Proposal: Adoption of 2022 Business Report and Financial Statements**

(Proposed by the Board of Directors)

Explanation:

1. 2022 financial statements have been audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche and were discussed and resolved in the Board of Directors meeting convened on February 23, 2023.
2. The aforementioned financial statements and business report have been duly reviewed by the Audit Committee.
3. Please refer to Attachment 1 for 2022 Business Report.
4. Please refer to Attachment 2 & Attachment 3 for 2022 Financial Statements.
5. Please proceed to adopt.

Resolution:

### **ii. Proposal: Adoption of the Proposal for Appropriation of 2022 Earnings**

(Proposed by the Board of Directors)

Explanation:

1. In Fiscal Year 2022, the Company made a net profit of NT\$100,229,728. By adding the beginning balance of unappropriated retained earnings and adjustments on re-measurement on define benefit plans recognized in retained earnings, setting aside for legal reserve and adding the reversal of special reserve appropriated by law, total distributable retained earnings for the year amounted to NT\$207,578,588.
2. Pursuant to above mentioned, the 2022 retained earnings distributed to shareholders in cash dividends amounted to NT\$40,800,000 (NT\$0.6 per share), total unappropriated retained earnings for the year end amounted to NT\$166,778,588. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the remaining cash will be credited to other income by the Company. Please refer to Attachment 6 for the Statement of Earnings Distribution.
3. In the event that the number of the Company shares is changed, thereby affecting the outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that Annual Shareholders' Meeting fully authorize Chairman to manage and adjust it.
4. Upon the approval of the Annual Shareholders' Meeting, it is proposed that Chairman be authorized to determine the ex-dividend date, distribution date, and other relevant issues as well as announcement by law.
5. Please proceed to adopt.

Resolution:

## V. Matters of Discussion

**Proposal: Discuss to Release of Directors from Non-competition Restrictions, please discuss and resolve.** (Proposed by the Board of Directors)

Explanation:

1. This is handled in accordance with Article 209 of the Company Act that “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. In view of the diversification needs of the Company and those directors might does anything for himself or on behalf of another person that is within the scope of the Company's business, to cope with the actual needs, it is proposed to the shareholders' meeting to release the additional non-competition restrictions on directors with the premise that directors do not have conflicts of the Company’s interest.
3. Please refer to Attachment 7 for the details of release of directors from additional non-competition restrictions.
4. Please discuss and resolve.

Resolution:

## VI. Extemporary Motions

## VII. Adjournment

## **Part III : Attachment**



## **Silitech Technology Corporation**

### **Business Report**

Silitech confronted severe challenges such as the Covid-19 pandemic, shortages in supply chain, Russia-Ukraine war and rising inflation in 2022, the resilience and operation adaptability of each factory has been enhanced and the results have been demonstrated. Taiwan factory increased the capacity of cross-industry products, deepened customer relationships and the operations have grown significantly; With cooperation with customers, Malaysia factory has demonstrated the flexibility and adaptability in production and operations during shortages in automotive electronic parts and has maintained stable growth in operations; In mainland China factory, after the capacity downsizing and under strict Covid-19 control, the adjusting production pace of has become more stable. Overall, Silitech refocused on Automotive Components and Mechanical Integration, and continued to enhance the competitive advantages in the automotive and 5G fields to expand the market.

#### **Operating Result**

In 2022, the Company's consolidated revenue was NT\$2.025 billion, an 11.5% increase from the previous year (NT\$1.816 billion). The Automotive Components accounted for 52.8% share of total revenue, including the steady profitable automotive interior components, and actively develop automotive interior glass and new technologies for automotive interior components. The Mechanical Integration contributed a 47.2% share of the total revenue, and the main products are wearable products, smart lock modules, netcom optical mechanism components, mobile phone keypads and gaming console products. In the first half of 2022, the demand of Taiwan factory for cross-industry product applications increased steadily. Due to the shortage of customers' electronic parts, the demand for Malaysia factory was not as expected. After the rapid response of each factory and the coordination with customers, both revenue and profit increased; in the second half of 2022, inventory adjustment problems which happened in many industries brought pressure on business momentum. Nevertheless, with the efforts of all employees and close cooperation with customers and supplier partners, Silitech did the best to reduce the negative impact and the operation still grew steadily. In 2022, the gross margin was 16.5%, an increase of 0.7pp year-over-year, and the operating profit of NT\$99.49 million, the result was net profit after tax of NT\$100 million and the earning per share is NT\$1.47.

Summing investments in R&D, Silitech not only evaluated possibilities for investing in new technologies, but also continued to upgrade our core competitiveness. Following the pulse of automotive industry and the transformation of manufacturing technology, Silitech invested in new manufacturing technologies for automotive components to enhance the competitiveness in automotive components market; and actively develop components that integrate optical, mechanical and electronic elements, as well as cross-industry applications to satisfy customer demand and align with market trends. In 2022, Silitech's R&D expenditures amounted to NT\$44.05 million, accounting for 2.2% of total revenue.

#### **Future Outlook**

Recently, the United States and Europe have simultaneously revised down their economic growth forecasts for 2023. The slowdown in global economic growth has become more and more obvious. However, because inflationary pressures are still high, central banks of various countries will still maintain a positive policy stance and strive to control inflation. The interest rates of major

economies are expected to peak in early 2023. According to the forecast of Chung-Hua Institution for Economic Research, the global economic growth rate in 2023 is expected to be lower than 2.0%, and Taiwan's economic growth rate is 2.72%. Major international institutions forecast that the global economic growth rate in 2023 will be slower than in 2022.

Looking forward to 2023, in the face of negative factors such as inflation and inventory adjustment, the visibility of related industries is limited in the short-term and the global demand is expected to become clearer in the second half. Nevertheless, Silitech will continue to adjust its global layout thinking, make use of the advantages of each factory, and fully utilize various types of resources without limitation to achieve synergy. In terms of sales and R&D, Silitech will continue its dedication to cross-industry application and provide customers with flexible services in preliminary product design, R&D and various solutions in pursuit of business momentum and application development in the field of Automotive Components and Mechanical Integration. In terms of production operation, in response to long-term planning, Silitech will increase its production capacity in Taiwan, Malaysia and even overseas, diversify the production capacity in different regions to meet the customer's business needs; optimize the management of supply chain, strength resource sharing among different factories, and continue to pursue automation production process and production flexibility to achieve operation synergy. Silitech will continue its management philosophy focusing on customer experience, product quality, and technological advancement in our progress towards sustainable development. Within the Company's corporate culture characterized by "integrity, respect, innovation, expertise, and excellence," all employee and management team continue using the spirit of organizational learning and teamwork to improve responsiveness and product competitiveness, to focus on intensifying and extending our core technologies and skills based on developing and producing precision components, while integrating industrial trends, to offer customers design and service that bring high added value. Through synergy brought by integration of production, sales and research, they robustly promote our developmental goals in terms of income and profit growth, thereby creating common prosperity for shareholders, employees, customers, and suppliers.

Chairman: Yu-Heng Chiao    Manager: Areta Hsu    Chief Accountant: Ronnie Chen

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Silitech Technology Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Silitech Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2022 are described as follows:

#### Occurrence of revenue from specific customers

In recent year, the factory in Tamsui of the Group is in the stage of product transformation, of which the revenue from specific customers growth 50% over last year, the auditors assessed that the revenue

generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.
2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.
3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.
4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

#### **Other Matter**

We have also audited the parent company only financial statements of Silitech Technology Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

#### **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 IFRSs, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the 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 auditing standards accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yen-Chun Chen and Meng-Chieh Chiu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2023

Notice to Readers

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

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

# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,635,623	50	\$ 1,491,671	48
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,583	-	110,739	4
Notes receivable, net	-	-	738	-
Trade receivables, net (Notes 4 and 10)	418,051	13	399,387	13
Trade receivables from related parties, net (Notes 4 and 27)	1,349	-	4,297	-
Other receivables (Note 4)	27,251	1	18,502	1
Other receivables from related parties (Notes 4 and 27)	11,354	-	3,588	-
Current tax assets (Note 4)	4	-	-	-
Inventories (Notes 4 and 11)	251,957	8	234,894	8
Other current assets (Note 15)	42,610	1	42,482	1
Total current assets	2,390,782	73	2,306,298	75
<b>NON-CURRENT ASSETS</b>				
Financial assets at FVTPL - non-current (Notes 4 and 7)	17,962	1	25,317	1
Financial assets at fair value through other comprehensive income (FVTOCI)-non-current (Notes 4 and 8)	45,064	1	45,780	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	328,673	10	299,684	10
Property, plant and equipment (Notes 4 and 13)	344,520	11	220,394	7
Right-of-use assets (Notes 4 and 14)	23,838	1	46,924	2
Other Intangible assets (Note 4)	7,084	-	8,203	-
Deferred tax assets (Notes 4 and 22)	88,812	3	117,331	4
Refundable deposits (Note 4)	6,449	-	6,344	-
Other non-current assets (Note 15)	5,120	-	4,468	-
Total non-current assets	867,522	27	774,445	25
<b>TOTAL</b>	<b>\$ 3,258,304</b>	<b>100</b>	<b>\$ 3,080,743</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	\$ 12	-	\$ -	-
Trade payables (Note 4)	210,529	7	249,836	8
Trade payables to related parties (Note 27)	24,856	1	8,399	-
Other payables (Notes 4 and 16)	269,620	8	237,641	8
Other payables to related parties (Notes 4 and 27)	2,547	-	2,396	-
Current tax liabilities (Notes 4 and 22)	13,026	-	10,707	-
Provisions - current (Notes 4 and 17)	23,550	1	20,011	1
Lease liabilities - current (Notes 4 and 14)	26,955	1	25,281	1
Other current liabilities	41,559	1	35,870	1
Total current liabilities	612,654	19	590,141	19
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - non-current (Notes 4 and 14)	-	-	26,530	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	31,848	1	36,719	1
Guarantee deposits (Note 4)	1,220	-	1,200	-
Deferred tax liabilities (Notes 4 and 22)	36,163	1	35,955	1
Total non-current liabilities	69,231	2	100,404	3
Total liabilities	681,885	21	690,545	22
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 19)</b>				
Share capital				
Ordinary shares	680,000	21	680,000	22
Capital surplus	630,074	19	630,074	21
Retained earnings				
Legal reserve	1,109,766	34	1,109,766	36
Special reserve	316,814	10	284,510	9
Unappropriated earnings	108,230	2	66,475	2
Total retained earnings	1,534,810	47	1,460,751	47
Other equity	(268,465)	(8)	(380,627)	(12)
Total equity	2,576,419	79	2,390,198	78
<b>TOTAL</b>	<b>\$ 3,258,304</b>	<b>100</b>	<b>\$ 3,080,743</b>	<b>100</b>

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

# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,025,009	100	\$ 1,815,926	100
COST OF GOODS SOLD (Notes 11, 24 and 27)	<u>(1,690,831)</u>	<u>(83)</u>	<u>(1,529,867)</u>	<u>(84)</u>
GROSS PROFIT	<u>334,178</u>	<u>17</u>	<u>286,059</u>	<u>16</u>
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	(61,595)	(3)	(64,194)	(4)
General and administrative expenses	(129,027)	(7)	(122,387)	(7)
Research and development expenses	(44,053)	(2)	(42,329)	(2)
Expected credit (loss) reversal	<u>(10)</u>	<u>-</u>	<u>160</u>	<u>-</u>
Total operating expenses	<u>(234,685)</u>	<u>(12)</u>	<u>(228,750)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>99,493</u>	<u>5</u>	<u>57,309</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	26,382	1	15,650	1
Other income	20,290	1	21,212	1
Other gains and losses	(9,510)	-	(1,626)	-
Finance costs	<u>(2,000)</u>	<u>-</u>	<u>(3,131)</u>	<u>-</u>
Total non-operating income and expenses	<u>35,162</u>	<u>2</u>	<u>32,105</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	134,655	7	89,414	5
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(34,425)</u>	<u>(2)</u>	<u>(27,588)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>100,230</u>	<u>5</u>	<u>61,826</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	7,342	-	5,900	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(716)	-	481	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>(1,553)</u>	<u>-</u>	<u>(1,251)</u>	<u>-</u>
	<u>5,073</u>	<u>-</u>	<u>5,130</u>	<u>1</u>

(Continued)



# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	141,097	7	(40,982)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	<u>(28,219)</u>	<u>(1)</u>	<u>8,196</u>	<u>-</u>
	<u>112,878</u>	<u>6</u>	<u>(32,786)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>117,951</u>	<u>6</u>	<u>(27,656)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 218,181</u>	<u>11</u>	<u>\$ 34,170</u>	<u>2</u>
EARNINGS PER SHARE (IN NTD; Note 23)				
Basic	<u>\$ 1.47</u>		<u>\$ 0.94</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 0.93</u>	

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

(Concluded)

# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2021	60,000	\$ 600,000	\$ 507,154	\$ 1,109,766	\$ 284,510	\$ (61,080)	\$ (205,756)	\$ (142,566)	\$ 2,092,028
Issue of shares for cash	8,000	80,000	184,000	-	-	-	-	-	264,000
Capital surplus used to cover accumulated deficit	-	-	(61,080)	-	-	61,080	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	61,826	-	-	61,826
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	4,649	(32,786)	481	(27,656)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	66,475	(32,786)	481	34,170
BALANCE AT DECEMBER 31, 2021	68,000	680,000	630,074	1,109,766	284,510	66,475	(238,542)	(142,085)	2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 316,814	\$ 108,230	\$ (125,664)	\$ (142,801)	\$ 2,576,419

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

# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 134,655	\$ 89,414
Adjustments for:		
Depreciation expense	80,943	81,309
Amortization expense	4,120	2,717
Expected credit loss (reversal) on trade receivables	10	(160)
Net loss (gain) on fair value changes of financial assets at FVTPL	11,141	(195)
Finance costs	2,000	3,131
Interest income	(26,382)	(15,650)
Dividend income	(3,497)	(1,891)
Net gain on disposal of property, plant and equipment	(52)	(124)
Write-downs of inventories	1,643	1,459
Changes in operating assets and liabilities		
Financial assets at FVTPL	(4,406)	1,876
Notes receivable	738	(573)
Trade receivables	(18,674)	7,919
Trade receivables from related parties	2,948	11,096
Other receivables	(13,613)	10,733
Other receivables from related parties	(7,766)	(3,489)
Inventories	(18,706)	(38,184)
Other current assets	(128)	8,422
Trade payables	(39,307)	(59,415)
Trade payables to related parties	16,457	8,399
Other payables	34,223	(20,693)
Other payables to related parties	151	2,210
Provisions	3,539	12,166
Other current liabilities	5,689	15,422
Net defined benefit liabilities-non current	2,472	(17,388)
Cash generated from operations	168,198	98,511
Interest received	35,044	21,974
Dividends received	3,497	1,891
Interest paid	(2,000)	(3,131)
Income tax paid	(31,893)	(34,233)
Net cash generated from operating activities	172,846	85,012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial asset at FVTOCI	-	(38,400)
Purchase of financial assets at amortized cost	-	(302,570)
Purchase of financial asset at FVTPL	-	(111,564)
Proceeds of financial assets at FVTPL	119,270	-

(Continued)

# SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for property, plant and equipment	\$ (174,527)	\$ (47,417)
Proceeds from disposal of property, plant and equipment	52	1,150
Increase in refundable deposits	(105)	(4,446)
Payments for intangible assets	<u>(2,200)</u>	<u>(8,594)</u>
Net cash used in investing activities	<u>(57,510)</u>	<u>(511,841)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of principal portion of lease liabilities	(24,784)	(24,029)
Cash dividends paid	(31,960)	-
Proceeds from issuing shares for cash	-	264,000
Proceeds from guarantee deposits received	<u>20</u>	<u>434</u>
Net cash (used in) generated from financing activities	<u>(56,724)</u>	<u>240,405</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>85,340</u>	<u>(28,229)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	143,952	(214,653)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,491,671</u>	<u>1,706,324</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,635,623</u>	<u>\$ 1,491,671</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Silitech Technology Corporation

### Opinion

We have audited the accompanying financial statements of Silitech Technology Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 auditing standards accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the Company's financial statements for the year ended December 31, 2022 are described as follows:

#### Occurrence of revenue from specific customers

In recent year, the factory in Tamsui of the Company is in the stage of product transformation, of which the revenue from specific customers growth 50% over last year, the auditors assessed that the revenue generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.
2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.
3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.
4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yen-Chun Chen and Meng-Chieh Chiu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2023

#### Notice to Readers

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

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

# SILITECH TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 440,163	15	\$ 406,236	15
Notes receivable, net (Notes 4)	-	-	738	-
Trade receivables, net (Notes 4 and 8)	134,206	5	139,741	5
Trade receivables from related parties, net (Notes 4, 8 and 23)	13,329	1	16,136	1
Other receivables (Note 4)	9,335	-	4,026	-
Other receivables from related parties (Notes 4 and 23)	12,645	-	5,238	-
Current tax assets (Note 4)	4	-	-	-
Inventories (Notes 4 and 9)	87,930	3	93,155	4
Other current assets	<u>20,042</u>	<u>1</u>	<u>18,586</u>	<u>1</u>
Total current assets	<u>717,654</u>	<u>25</u>	<u>683,856</u>	<u>26</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 7)	45,064	2	45,780	2
Investments accounted for using the equity method (Notes 4 and 10)	1,981,420	69	1,764,777	66
Property, plant and equipment (Notes 4 and 11)	57,772	2	68,018	2
Other Intangible assets (Note 4)	4,699	-	5,149	-
Deferred tax assets (Notes 4 and 18)	59,877	2	96,050	4
Refundable deposits (Note 4)	175	-	175	-
Other non-current assets	<u>1,260</u>	<u>-</u>	<u>1,264</u>	<u>-</u>
Total non-current assets	<u>2,150,267</u>	<u>75</u>	<u>1,981,213</u>	<u>74</u>
TOTAL	<u>\$ 2,867,921</u>	<u>100</u>	<u>\$ 2,665,069</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 4)	\$ 84,027	3	\$ 104,049	4
Trade payables to related parties (Notes 4 and 23)	47,120	2	30,364	1
Other payables (Notes 4 and 13)	100,909	4	81,247	3
Other payables to related parties (Notes 4 and 23)	2,547	-	2,396	-
Provisions- current	2,757	-	1,210	-
Other current liabilities	<u>9,124</u>	<u>-</u>	<u>5,626</u>	<u>-</u>
Total current liabilities	<u>246,484</u>	<u>9</u>	<u>224,892</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Net defined benefit liabilities - non-current (Notes 4 and 14)	8,855	-	14,024	1
Deferred tax liabilities (Notes 4 and 18)	<u>36,163</u>	<u>1</u>	<u>35,955</u>	<u>1</u>
Total non-current liabilities	<u>45,018</u>	<u>1</u>	<u>49,979</u>	<u>2</u>
Total liabilities	<u>291,502</u>	<u>10</u>	<u>274,871</u>	<u>10</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 15)				
Share capital				
Ordinary shares	<u>680,000</u>	<u>24</u>	<u>680,000</u>	<u>25</u>
Capital surplus	<u>630,074</u>	<u>22</u>	<u>630,074</u>	<u>24</u>
Retained earnings				
Legal reserve	1,109,766	38	1,109,766	42
Special reserve	316,814	11	284,510	11
Unappropriated earnings	<u>108,230</u>	<u>4</u>	<u>66,475</u>	<u>2</u>
Total retained earnings	<u>1,534,810</u>	<u>53</u>	<u>1,460,751</u>	<u>55</u>
Other equity	<u>(268,465)</u>	<u>(9)</u>	<u>(380,627)</u>	<u>(14)</u>
Total equity	<u>2,576,419</u>	<u>90</u>	<u>2,390,198</u>	<u>90</u>
TOTAL	<u>\$ 2,867,921</u>	<u>100</u>	<u>\$ 2,665,069</u>	<u>100</u>

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



# SILITECH TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 16 and 23)	\$ 918,065	100	\$ 705,077	100
COST OF GOODS SOLD (Notes 9, 20 and 23)	<u>(764,974)</u>	<u>(83)</u>	<u>(581,349)</u>	<u>(82)</u>
GROSS PROFIT	153,091	17	123,728	18
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(397)	-	(94)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>94</u>	<u>-</u>	<u>58</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>152,788</u>	<u>17</u>	<u>123,692</u>	<u>18</u>
OPERATING EXPENSES (Notes 20 and 23)				
Selling and marketing expenses	(23,638)	(3)	(25,856)	(4)
General and administrative expenses	(91,310)	(10)	(86,293)	(12)
Research and development expenses	(22,825)	(2)	(22,420)	(3)
Expected credit reversal	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total operating expenses	<u>(137,773)</u>	<u>(15)</u>	<u>(134,568)</u>	<u>(19)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>15,015</u>	<u>2</u>	<u>(10,876)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 17 and 23)				
Interest income	2,286	-	1,135	-
Other income	6,560	1	10,384	1
Other gains and losses	9,258	1	(3,558)	-
Share of profit or loss of subsidiaries and associates	<u>74,230</u>	<u>8</u>	<u>65,656</u>	<u>9</u>
Total non-operating income and expenses	<u>92,334</u>	<u>10</u>	<u>73,617</u>	<u>10</u>
PROFIT BEFORE INCOME TAX	107,349	12	62,741	9
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(7,119)</u>	<u>(1)</u>	<u>(915)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>100,230</u>	<u>11</u>	<u>61,826</u>	<u>9</u>

(Continued)

# SILITECH TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 5,213	1	\$ 4,112	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(716)	-	481	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	1,619	-	1,359	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 18)	<u>(1,043)</u>	<u>-</u>	<u>(822)</u>	<u>-</u>
	<u>5,073</u>	<u>1</u>	<u>5,130</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	141,097	15	(40,982)	(6)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 18)	<u>(28,219)</u>	<u>(3)</u>	<u>8,196</u>	<u>1</u>
	<u>112,878</u>	<u>12</u>	<u>(32,786)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>117,951</u>	<u>13</u>	<u>(27,656)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 218,181</u>	<u>24</u>	<u>\$ 34,170</u>	<u>5</u>
EARNINGS PER SHARE (IN NTD; Note 19)				
Basic	<u>\$ 1.47</u>		<u>\$ 0.94</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 0.93</u>	

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

(Concluded)

# SILITECH TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2021	60,000	\$ 600,000	\$ 507,154	\$ 1,109,766	\$ 284,510	\$ (61,080)	\$ (205,756)	\$ (142,566)	\$ 2,092,028
Issue of shares for cash	8,000	80,000	184,000	-	-	-	-	-	264,000
Capital surplus used to cover accumulated deficit	-	-	(61,080)	-	-	61,080	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	61,826	-	-	61,826
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	4,649	(32,786)	481	(27,656)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	66,475	(32,786)	481	34,170
BALANCE AT DECEMBER 31, 2021	68,000	680,000	630,074	1,109,766	284,510	66,475	(238,542)	(142,085)	2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 316,814	\$ 108,230	\$ (125,664)	\$ (142,801)	\$ 2,576,419

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

# SILITECH TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 107,349	\$ 62,741
Adjustments for:		
Depreciation expense	16,783	16,035
Amortization expense	2,824	2,101
Expected credit reversal on trade receivables	-	(1)
Net gain on fair value change of financial assets at FVTPL	-	(155)
Interest income	(2,286)	(1,135)
Dividend income	(211)	-
Share of profit of subsidiaries and associates	(74,230)	(65,656)
Net gain on disposal of property, plant and equipment	(52)	(124)
Write-downs of inventories	550	1,123
Unrealized gain on the transactions with subsidiaries	303	36
Changes in operating assets and liabilities		
Financial assets as at FVTPL	-	(190)
Notes receivable	738	(573)
Trade receivables	5,535	(33,850)
Trade receivables from related parties	2,807	2,410
Other receivables	(5,286)	156
Other receivables from related parties	(7,407)	(4,623)
Inventories	4,675	(13,933)
Other current assets	(1,456)	(612)
Trade payables	(20,022)	(32,606)
Trade payables to related parties	16,756	15,693
Other payables	20,603	1,725
Other payables to related parties	151	1,667
Provisions	1,547	1,210
Other current liabilities	3,498	559
Net defined benefit liabilities-non current	44	(16,994)
Cash generated from (used in) operations	73,213	(64,996)
Interest received	2,259	1,059
Dividends received	211	-
Net cash generated from (used in) operating activities	75,683	(63,937)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial asset at FVTOCI	-	(38,400)
Payments for property, plant and equipment	(7,974)	(17,566)
Proceeds from disposal of property, plant and equipment	52	1,150
Payments for intangible assets	(1,874)	(5,090)
Net cash used in investing activities	(9,796)	(59,906)

(Continued)

# SILITECH TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	\$ (31,960)	\$ -
Proceeds from issuing shares for cash	<u>-</u>	<u>264,000</u>
Net cash (used in) generated from financing activities	<u>(31,960)</u>	<u>264,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,927	140,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>406,236</u>	<u>266,079</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 440,163</u>	<u>\$ 406,236</u>

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

(Concluded)

## **Audit Committee's Review Report**

To: The 2023 Annual General Shareholders' Meeting of Silitech Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Silitech Technology Corporation the 2022 Business Report, Financial Statements and the proposal for appropriation of earnings. The Financial Statements have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche. The above Business Report, Financial Statements and the proposal for appropriation of earnings have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Convener of the Audit Committee:

Mr. Tien-Chun Tsai

May 02, 2023

**Silitech Technology Corporation**  
**Comparison Table of Amendments to “Regulation and Procedure for Board of Directors Meetings”**

<b>After Amendment</b>	<b>Before Amendment</b>	<b>Note</b>
<p>Article 3</p> <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p> <p>The Company’s directors shall be offered proper and timely information, whose form and quality shall be sufficient to enable the directors to make decisions with sufficient access to relevant information and to perform their duties.</p>	<p>Article 3</p> <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <u>except in the case of an emergency or for other legitimate reason.</u></p> <p>The Company’s directors shall be offered proper and timely information, whose form and quality shall be sufficient to enable the directors to make decisions with sufficient access to relevant information and to perform their duties.</p>	<p>In compliance with the amendment of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p>
<p>Article 12</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p> <p>A. the Company’s business plan.</p> <p>B. Financial reports which are signed</p>	<p>Article 12</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p> <p>A. the Company’s business plan.</p> <p>B. Financial reports which are signed</p>	<p>In compliance with the amendment of the Regulations Governing Procedure for</p>

After Amendment	Before Amendment	Note
<p>or sealed by the chairperson, managerial officer, and accounting officer.</p> <p>C. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</p> <p>D. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>E. The offering, issuance, or private placement of equity-type securities.</p> <p>F. <u>If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u></p> <p><u>G.</u> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><u>H.</u> The hiring or dismissal of an attesting CPA, or the compensation given thereto.</p> <p><u>I.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>J.</u> Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a</p>	<p>or sealed by the chairperson, managerial officer, and accounting officer.</p> <p>C. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</p> <p>D. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>E. The offering, issuance, or private placement of equity-type securities.</p> <p>F. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>G. The hiring or dismissal of an attesting CPA, or the compensation given thereto.</p> <p>H. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>I. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a</p>	<p>Board of Directors Meetings of Public Companies. .</p>



After Amendment	Before Amendment	Note
<p>shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in Subparagraph <u>I</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.</p> <p>Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation. Each meeting of the Company’s board of directors shall be attended by at least one independent director in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy, and may</p>	<p>shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in Subparagraph H of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.</p> <p>Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation. Each meeting of the Company’s board of directors shall be attended by at least one independent director in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy, and may</p>	

After Amendment	Before Amendment	Note
<p>not be represented by a non-independent director via proxy. If an independent director expresses an objection or reservation, the matter shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>not be represented by a non-independent director via proxy. If an independent director expresses an objection or reservation, the matter shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	
<p>Article 22  These Rules were established on December 20, 2006.  The 1st amendment was made on April 25, 2008.  The 2nd amendment was made on April 27, 2010.  The 3rd amendment was made on April 26, 2012 and implemented by the 5th board of directors on June 22, 2012.  The 4th amendment was made on October 25, 2012.  The 5th amendment was made on March 24, 2015.  The 6th amendment was made on October 26, 2017.  The 7th amendment was made on April 25, 2019.  The 8th amendment was made on April 24, 2020.  <u>The 9th amendment was made on January 17, 2023.</u></p>	<p>Article 22  These Rules were established on December 20, 2006.  The 1st amendment was made on April 25, 2008.  The 2nd amendment was made on April 27, 2010.  The 3rd amendment was made on April 26, 2012 and implemented by the 5th board of directors on June 22, 2012.  The 4th amendment was made on October 25, 2012.  The 5th amendment was made on March 24, 2015.  The 6th amendment was made on October 26, 2017.  The 7th amendment was made on April 25, 2019.  The 8th amendment was made on April 24, 2020.</p>	<p>Added the date of amendment.</p>

Silitech Technology Corporation  
Statement of Earnings Distribution  
Year 2022

Unit : NTD

Description	Amount
Unappropriated retained earnings, beginning of year	\$ 2,210,223
Net profit after income tax	100,229,728
Adjustments on re-measurement on define benefit plans recognized in retained earnings	5,788,920
Legal reserve	(10,601,865)
Reversal of special reserve appropriated by law	109,951,582
Distributable retained earnings	207,578,588
Less : Distribution	
Cash dividends (NT\$0.60/per share)	(40,800,000)
Unappropriated retained earnings, end of year	<u>\$ 166,778,588</u>

Chairman: Yu-Heng Chiao

Manager: Areta Hsu

Chief Accountant: Ronnie Chen

## Silitech Technology Corporation

### Details of Release of Directors from Additional Non-competition Restrictions

Identity	Name	Company Name	Position
Director	Yu-Heng Chiao	Career Technology (MFG.) Co., Ltd.	Chairman, representative and General CSO
		Soshin Electric Co., Ltd.	Director
Director	Walsin Technology Corporation	Walton Advanced Engineering, Inc.	Director

## **Part IV : Appendix**

## **Silitech Technology Corporation**

### **Rules and Procedures of Shareholders' Meeting**

1. To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
3. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and 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 a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

- (1). For physical shareholders meetings, to be distributed on-site at the meeting.
- (2). For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- (3). For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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.

Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application for cessation of public offering, release of directors from non-competition restrictions, capital increase from earnings, capital increase from surplus, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice of the reasons for convening the shareholders meeting and explain its main content. None of the above matters may be raised by an extraordinary motion.

If the reasons for convening the general meeting of shareholders have specified that the Company will wholly re-elect directors and the date of appointment. When the re-election of the directors is completed in the aforementioned shareholders' meeting, the appointment date shall not be changed at the same meeting by raising a provisional motion or any other methods. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may submit a proposal to urge the Company to promote public interest or fulfill social responsibilities. The process should follow Article 172-1 of the Company Act. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

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

Shareholder-submitted proposals are 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 regular shareholders meeting and take part in discussion of the proposal.

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

4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

6. The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention. The aforementioned time for signing in shall be at least 30 minutes before the shareholder meeting starts. There shall be signs to direct shareholders to proceed to the venue for signing in and personnel who are suitable in charge. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

- 6-1. To convene a virtual shareholders meeting, the Company shall include the follow particulars in



the shareholders meeting notice:

- (1). How shareholders attend the virtual meeting and exercise their rights.
  - (2). Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
    - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
    - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
    - D. Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
  - (3). To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.
7. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the board of directors to act as chair. Where the chairperson does not make such a designation, the board or the directors shall select from among themselves one person to serve as chair. The board of director who serve as chair shall be in his post for more than six months and familiar with the Company's financials and operations. The same applies to the director who serve as chair and who represents a corporation.
- It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors, at least one independent director 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 chair 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.

8. The Company shall record the proceedings of a shareholders meeting in their entirety in audio or video and retain the recording for at least 1 year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

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 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 chair shall call the meeting to order at the appointed meeting time. And announce the number of shares in attendance and shares held by a shareholder with no voting rights.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions (including provisional motions and amendments to the original motions) should be voted by poll. The meeting shall proceed in the

order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair 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 chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair 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 chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote and arrange adequate voting time.

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 chair.

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

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

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

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 chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

12. Voting at a shareholders meeting shall be calculated based the number 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 3 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.

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 Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by electronic means and may exercise voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary 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 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person 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 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. 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 chair or a person designated by the chair shall first announce the total number of voting

rights represented by the attending shareholders, followed by a poll of the shareholders. 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 chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

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

Vote counting shall be conducted in public at the place of the shareholders meeting, and voting results shall be reported on-site immediately and recorded in writing.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

14. The election of directors 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 and fail to be elected as directors 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 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes shall be produced and distributed in electronic form.

The Company may distribute the meeting minutes of 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 chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including statistical weights), the number of votes for each candidate should be disclosed when electing directors and shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

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, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

17. 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 chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct relevant personnel to escort the shareholder from the meeting.

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

If a force majeure event occurs, the chair 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

extraordinary 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 5 days in accordance with Article 182 of the Company Act.

19. In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
20. When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

21. In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

22. When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
23. These Rules and any amendments hereto, shall be implemented after adoption by shareholders' meetings.
24. The Measures were established on May 17, 2002.  
The 1st Amendment was made on June 17, 2014.  
The 2nd Amendment was made on June 18, 2020.  
The 3rd Amendment was made on July 9, 2021.  
The 4th Amendment was made on June 10, 2022.



# Silitech Technology Corporation

## Articles of Incorporation

### Chapter One General Provisions

- Article I      The Company is duly incorporated in accordance with provisions governing limited companies under the Company Act in the full name of Silitech Technology Corporation.
- Article II     The Company shall engage in the following business:
- 1 、 CC01080 Electronic Parts and Components Manufacturing
  - 2 、 CB01020 Office Machines Manufacturing
  - 3 、 CC01060 Wired Communication Equipment and Apparatus Manufacturing
  - 4 、 CB01010 Machinery and Equipment Manufacturing
  - 5 、 CC01050 Data Storage Media Units Manufacturing
  - 6 、 CF01011 Medical Materials and Equipment Manufacturing
  - 7 、 CQ01010 Die Manufacturing
  - 8 、 C805030 Plastic Made Grocery Manufacturing
  - 9 、 C805050 Industrial Plastic Products Manufacturing
  - 10 、 C804020 Industrial Rubber Products Manufacturing
  - 11 、 F108031 Wholesale of Drugs, Medical Goods
  - 12 、 F208031 Retail Sale of Medical Equipment
  - 13 、 F401010 International Trade
  - 14 、 F113050 Wholesale of Office Machinery and Equipment
  - 15 、 F113010 Wholesale of Machinery
  - 16 、 F119010 Wholesale of Electronic Materials
  - 17 、 F213030 Retail Sale of Office Machinery and Equipment
  - 18 、 F213080 Retail Sale of Other Machinery and Equipment
  - 19 、 F219010 Retail Sale of Electronic Materials
  - 20 、 F107150 Wholesale of Synthetic Rubber
  - 21 、 F207150 Retail Sale of Synthetic Rubber
  - 22 、 CC01070 Telecommunication Equipment and Apparatus Manufacturing
  - 23 、 F113070 Wholesale of Telecom Instruments
  - 24 、 F213060 Retail Sale of Telecom Instruments
  - 25 、 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article III    The Company is headquartered in New Taipei City as resolved by the Board of Directors :
- 1 、 May have branches set elsewhere at home and abroad.
  - 2 、 Endorsements and Guarantees may be made mutually between the Company, other service providers in the industry, and its affiliated companies.
  - 3 、 The Company may make guarantees for the banking business of companies

invested in.

- 4、The Company may invest outward with the total amount of investment free of restrictions as set forth in Article 13 (shall not exceed forty percent of the amount of its own paid-up capital) of the Company Act.

## **Chapter Two Shares**

- Article IV      The total capital of the Company amounts to Three Billion New Taiwan Dollars, divided into Three-Hundred million shares at Ten New Taiwan Dollars par value each. The Board of Directors is authorized with full powers to issue shares in partial installments.  
Of the total number of shares aforementioned, fifteen million shares are reserved to be issued as employee stock options, preferred shares with stock options or corporate bonds with stock options ready for exercise of options.
- Article IV-1    The Company upon the decision resolved by two thirds of present shareholders who represent a majority of the total issued shares in the shareholders' meeting, may issue employee stock options at an issuing price lower than the closing price of the Company's common shares on the date of issuance.  
The Company upon the decision resolved by two thirds of present shareholders who represent a majority of the total issued shares in the shareholders' meeting, may transfer shares to employees at a price lower than the average of actual repurchase prices.
- Article IV-2    In accordance with the Company Act, the Company may transfer shares bought back by the Company to employees of the Company's parent or subsidiary companies that meet certain specific requirements.  
In accordance with the Company Act, the Company may issue share subscription warrants to the employees of the Company's parent or subsidiary companies that meet certain specific requirements.  
In accordance with the Company Act, when the Company issues new shares reserved for purchase by employees, such purchasing employees may include those of the Company's parent or subsidiary companies that meet certain specific requirements.  
In accordance with the Company Act, where the Company issues restricted new shares, those to whom they are restricted may include employees of the Company's parent or subsidiary companies that meet certain specific requirements.  
Where the securities management authorities have other rules governing the qualification requirements of employees specified in the 4 preceding paragraphs, such rules shall be followed.
- Article V        For the shares issued by the Company, the Company may be exempted from printing share certificates but shall have the shares so issued duly registered with the centralized securities depository enterprise.

Article VI No transfer of shares shall be handled within sixty days prior to the regular shareholders' meeting, or within thirty days prior to a special meeting of shareholders, or within five days prior to the record (base) date scheduled to distribute dividends, bonuses or other benefits.

### **Chapter Three Shareholders' Meeting**

Article VII The shareholders' meeting hereof is in two categories: regular meetings and special meetings. The former is convened once a year within six months from the closing of each fiscal year, and the latter may be duly called whenever necessary. The shareholders' meeting convened by the Board of Directors shall be chaired by the chairman. When the chairman is absent, action on the chairman's behalf shall be duly handled in accordance with Article 208 of the Company Act. In the event that the shareholders' meeting is convened by a person not on the Board of Directors, the shareholders' meeting shall be chaired by that convener. If there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article VII-1 The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article VIII A shareholder who is unavailable to attend the shareholders' meeting may duly present a power of attorney with the form provided by the Company, bearing the scope of the authorized powers to authorize a proxy to attend on-behalf. The power of attorney shall be duly used in accordance with the Company Act, the Securities and Exchange Act and ordinances and the rules promulgated by the competent authority.

Article IX The Company's shareholders are entitled to one voting right per share, provided that shareholders have no voting right for shares held under Article 179 of the Company Act.

Article X Unless otherwise provided for in applicable laws and regulations, decisions in the shareholders' meeting shall be resolved by a majority of votes in the meeting where present shareholders represent a majority of the total issued shares.

Article X-1 Minutes of the shareholders' meeting shall be duly recorded to cover the decisions resolved, to be duly signed or have seal affixed by the chairperson and delivered to all shareholders within twenty days after the meeting and be distributed to all shareholders of the Company in accordance with the Company Act. The minutes shall include the month, date, year, location, the chairperson's name, method to resolve a decision, the highlights of discussion and results thereof. The minutes of the shareholders' meeting shall be archived in the Company along with the shareholders' sign-in book and powers of attorney presented by proxies according to law.

## **Chapter Four Directors and Audit Committee**

- Article XI** The Company has seven to fifteen directors, elected in the shareholders' meeting from the candidate of disposing capacity, each with a three-year tenure of office and eligible for reelection. Directors shall be duly elected in accordance with Regulations Governing Election of Directors of the Company.
- The aforementioned number of directors shall include a minimum of three independent directors (including a minimum of one independent director with expertise in accounting or finance), and the number of independent directors shall not be less than the minimum of one-fifth of the total number of director seats. The Company's directors (including independent directors) are elected in a candidate nomination system set forth in Article 192-1 of the Company Act. The shareholders' meeting shall elect the right independent directors out of the list of candidates. Matters regarding independent directors' professional qualification requirements, shareholding, restriction on concurrent post, recognition of independence, methods of nomination and election, and other matters to be complied with shall be duly handled in accordance with the requirements promulgated by the competent authority in charge of securities affairs.
- The Company duly establishes the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act which shall be duly organized by independent directors in full.
- The total number of the Company's shares held by all directors shall not be less than the percentage promulgated by the competent authority.
- Article XII** The Board of Directors is duly organized by directors. By attendance of two thirds of directors and a majority of votes of attending directors, one chairman shall be duly elected. In the same manner, one vice chairman shall be elected as necessary. The chairman shall chair the shareholders' meeting and Board of Directors meeting internally and represent the Company externally, as assisted by the vice chairman. The Board of Directors shall convene the meeting on a quarterly basis and may convene an extraordinary meeting when the chairman shall, if deemed necessary, or at the request of two or more directors. The meeting shall be convened and chaired by the chairman of the board. During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act.
- Notices for convening meetings may be made in writing or by e-mail or fax. An extraordinary meeting may be convened at any time in case of an emergency. The Board of Director meetings may be conducted by video conference. Directors who participate in the meeting through video conference are deemed to have attended in person.
- Directors should attend the board of directors meeting. A director who is unavailable to attend the board of directors meeting may be represented by another director per Article 205 of the Company Act.

- Article XII-1 Where the seats of directors are vacated by one-third, a shareholders' meeting shall be duly held to elect ones supplementarily to serve the tenure of office remaining by the predecessors.
- Article XII-2 Unless otherwise required by relevant laws, decisions in the Board of Directors meeting shall be resolved by a majority of votes in the meeting where attending directors represent a majority of the total number of directors.
- Article XII-3 Minutes of a board of directors meeting shall be duly recorded, to be duly signed and have seal affixed by the chairperson and delivered to all directors within twenty days after the meeting. The minutes shall include the highlights of discussion and results thereof. The minutes of the board of directors meeting shall be archived in the Company along with the directors' sign-in book and powers of attorney presented by proxies according to law.
- Article XII-4 Organization, authority of office, rules and procedures of meetings and other matters to be complied with of the Company's Audit Committee shall be in conformity with the requirements of the competent authority.
- Article XII-5 Remuneration to directors shall be duly determined by the Board of Directors with reference to the level of their participation in the business operations and the values of their contributions, as well as the level prevalent in fellow firms at home and abroad. The Company may establish a separate but reasonable set of remuneration rules for independent directors.
- Article XII-6 The Company may purchase liability insurance for directors for the term of their office to insure them for potential risks in exercise of their duties.

## **Chapter Five Managers**

- Article XIII The Company may, as resolved in the Board of Directors, have a certain number of manages all of whom shall be duly appointed, discharged and paid in accordance with Article 29 of the Company Act.

## **Chapter Six Accounting**

- Article XIV Upon closing of each fiscal year, the Board of Directors shall prepare the following documents and submit such documents to the shareholders' meeting for adoption. In case of other requirements set forth in the Securities and Exchange Act or other laws and ordinances concerned, such Securities and Exchange Act and other laws and ordinances concerned shall govern.
- 1 、 Business report.
  - 2 、 Financial Statements.
  - 3 、 Proposals of profit appropriation or loss coverage.

- Article XV      The Company shall allocate the following compensation from the profit of each fiscal year (The “profit” means “profit before income tax and employees’ and directors’ compensation”), however, the Company shall have reserved a sufficient amount from such profit to offset its accumulated losses (including unappropriated earnings adjustment if any):
- 1、Employees’ compensation: 2%~10%.
  - 2、Directors’ compensation: no more than 3%.
- The employees’ compensation under the preceding paragraph may be distributed in shares or cash. Those entitled to such compensation include the Company’s employees or employees of the Company's parent or subsidiary companies that meet certain specific requirements. The Board of Directors is authorized with full powers to determine the terms and methods of appropriation. Where the securities management authorities have other rules governing the qualification requirements of employees specified, such rules shall be followed. The Directors’ compensation under the preceding paragraph will only be distributed by cash.
- The Company shall, upon a resolution of the Board of Directors, distribute employees' and directors’ compensation in the preceding two paragraphs, and report to the shareholders’ meeting for such distribution.
- Article XVI     If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve shall be provided or reversed in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any) , apart from retained earnings allocated in part from the necessary capital for the Company's future developments, shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders’ meeting for approval.
- The Dividend Policy of the Company is in consideration of business development plan, investing environment, global competitiveness and the shareholders’ interest. The Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 30% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 50% of the total distributed dividends.
- In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

## **Chapter Seven    Bylaws**

Article XVII    Any matters insufficiently provided for in the Articles of Incorporation shall be subject to the Company Act and other applicable laws and ordinances.

Article XVIII    The Articles of Incorporation and amendment hereof, if any, shall come into enforcement after being resolved in the shareholders' meeting.

Article XIX    The Articles were duly stipulated on October 24, 2001 after being agreed by all promoters, and effective after submitted to and approved by the competent authority.

The Articles were duly amended on November 19, 2001 as the 1st amendment.

The Articles were duly amended on May 17, 2002 as the 2nd amendment.

The Articles were duly amended on May 17, 2002 as the 3rd amendment.

The Articles were duly amended on May 17, 2002 as the 4th amendment.

The Articles were duly amended on May 27, 2003 as the 5th amendment.

The Articles were duly amended on June 27, 2003 as the 6th amendment.

The Articles were duly amended on May 5, 2004 as the 7th amendment.

The Articles were duly amended on June 16, 2005 as the 8th amendment.

The Articles were duly amended on June 23, 2006 as the 9th amendment.

The Articles were duly amended on June 19, 2008 as the 10th amendment.

The Articles were duly amended on June 14, 2010 as the 11th amendment.

The Articles were duly amended on June 22, 2012 as the 12th amendment.

The Articles were duly amended on June 21, 2016 as the 13th amendment.

The Articles were duly amended on June 13, 2017 as the 14th amendment.

The Articles were duly amended on June 12, 2019 as the 15th amendment.

The Articles were duly amended on June 18, 2020 as the 16th amendment.

The Articles were duly amended on July 9, 2021 as the 17th amendment.

The Articles were duly amended on June 10, 2022 as the 18th amendment.

**Impact of issuance of stock dividends proposed in this shareholders' meeting upon the Company's business performance, earning per share (EPS) and shareholder investment return**

Only cash dividends and no stock dividends were proposed in the Company's 2023 shareholder meeting. In accordance with the "Guidelines for Disclosure of the Financial Forecast by Public Companies", it is not necessary for the Company to disclose financial forecast information of 2023. Thus information related to change of operating performance and proforma earnings per share and shareholder investment return are not applicable.



## Individual and Overall Shareholding by Directors

- I. In accordance with Article 26 of the Securities and Exchange Act, the Company's directors shall at least hold a total of 5,440,000 shares. As of April 16, 2023, the entire directors of the Company held 28,322,003 shares.
- II. As the Company has established an Audit Committee, the requirements for shareholding by supervisors are not applicable.
- III. Shares held by Independent Directors are not counted towards the shares held by all directors.
- IV. Shareholding facts by all Directors: The record (base) date is the date on which transfer is suspended, i.e., April 16, 2023.

Position	Name	Date when elected	Tenure of office	Number of shares held when being elected	Number of shares held on the date when transfer is suspended
Chairman	Yu-Heng Chiao	2021.07.09	3 years	0	0
Director	Walsin Technology Corporation Representative Chin-Hui Chen	2021.07.09	3 years	17,000,000	17,000,000
Director	Lite-On Technology Corporation Representative Tom Soong	2021.07.09	3 years	11,322,003	11,322,003
Director	Lite-On Technology Corporation Representative Anson Chiu	2021.07.09	3 years	11,322,003	11,322,003
Independent Director	Tien-Chun Tsai	2021.07.09	3 years	0	0
Independent Director	Ben Chi	2021.07.09	3 years	0	0
Independent Director	Te-Chen Chiu	2021.07.09	3 years	0	0
The total of all directors (Note III)				28,322,003	28,322,003

## **Notes for Shareholder's Proposals**

- I. In accordance with Article 172-1 of the Company Act, 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 a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.
- II. The period for accepting shareholder's proposals was from Apr. 7 to Apr. 17, 2023, and was announced on Market Observation Post System.
- III. The Company did not receive any proposal from shareholder(s) during the aforementioned period.