



**AP Memory Technology Corporation
Handbook
2023 Annual General Shareholders Meeting**

MEETING DATE: May 29th, 2023

PLACE: 2F, No.3, Taiyuan 1st St., Zhubei City, Hsinchu County 302, Taiwan
(R.O.C.)

(This English translation is provided for reference only and might not precisely reflect the original language's true meaning and full text.)

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AP Memory Technology Corp.

Procedures for the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Open Speech by Chairman
3. Report Items
4. Proposed Resolutions
5. Directors Election
6. Other Proposal
7. Extemporaneous Motions
8. Adjournment

AP Memory Technology Corp.

Agenda of the 2023 Annual Meeting of Shareholders

Time: 9:00 a.m. on Monday, May 29, 2023

Place: 2F, No.3, Taiyuan 1st St., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)

Procedure:

1. Call the Meeting to Order.
2. Open Speech by the Chairman.
3. Report Items
 - A. To report the business of 2022
 - B. The 2022 Audit Committee's Review Report
 - C. To report 2022 employees' profit sharing bonus and directors' compensation
 - D. To report 2022 earnings distribution
4. Proposed Resolutions
 - A. To accept the 2022 Business Report and Financial Statements
 - B. To accept the proposal for distribution of 2022 earnings
5. Directors Election
To elect eight Directors (including four Independent Directors)
6. Other Proposal
Lifting the prohibition on the newly elected Directors and their representatives from participating in the competitive business.
7. Extemporary Motions
8. Adjournment

Report Items

Item 1: To report the business of 2022

Explanatory Notes: Please refer to Page 8-11 (Attachment 1).

Item 2: The 2022 Audit Committee's Review Report

Explanatory Notes: Please refer to page 33 (Attachment 3).

Item 3: To Report 2022 employees' profit sharing bonus and directors' compensation

Explanatory Notes:

- A. The Board of Directors approved 2022 employees' profit sharing bonus and directors' compensation on February 24, 2023. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.
- B. 2022 employees' total cash bonus and profit sharing bonus is NT\$35,190,844, and directors' compensation is NT\$5,000,000.

Item 4: To report 2022 earnings distribution

Explanatory Notes:

2022 earnings distribution adopted at the meeting of the Board of Directors is as follows:

- A. Earnings Available for Distribution as of December 31, 2022: NT\$1,460,703,966.
- B. Cash dividends to common shareholders: Totaling NT\$ 1,132,458,222. Each common shareholder will be entitled to receive a cash dividend of NT\$7.0 per share.
- C. The Board Chairman is delegated to decide any matters in terms of the change of record date and payout ratio.

Proposed Resolutions

Item 1: To accept the 2022 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Chien, Ming-Yen and Mr. Chiu, Cheng-Chu of Deloitte & Touche.
- B. 2022 Business Report, the aforementioned Financial Statements and Audit Committee's Review Report hereto as Page 8~33 (Attachments 1, 2, and 3).

Item 2: To accept the proposal for distribution of 2022 profit distribution

(Proposed by the Board of Directors)

Explanatory Notes:

Description	Amount(NTD)	Remarks
Unappropriated retained earnings of previous years	1,460,703,966	
Add:Net Income of 2022	1,941,696,320	
Less:Special reserve	(449,778)	
Legal reserve	<u>(194,169,632)</u>	
Earnings available for distribution	3,207,780,876	
Distribution items:		
Cash Dividend to common shareholders	<u>(1,132,458,222)</u>	NT\$7.0 / per share
Unappropriated retained earnings	<u>2,075,322,654</u>	

Directors Election

To elect eight Directors (including four Independent Directors)

(Proposed by the Board of Directors)

Explanatory Notes:

- A. Upon the expiry of the Directors' terms of office, the successor Directors will be elected at this Annual General Shareholders Meeting.
- B. Directors shall be elected by adopting candidates nomination system as specified in Articles 14 of Incorporation. The Board of Directors resolved that eight Directors (including six Independent Directors)Shareholders shall elect, the List of Director (including Independent Director) Candidates, whose education, experience and relevant information attached hereto as Page 34~36(Attachment 4).
- C. The terms of office of the Directors to be elected shall be three years, commencing on May 29th, 2023 and expiring on May 28th, 2026.

Voting by Poll :

Other Proposal

Lifting the prohibition on the newly elected Directors and their representatives from participating in the competitive business.

(Proposed by the Board of Directors)

Explanatory Notes :

Directors who participate in the operations of another company that engages in the same or similar business scope as the Company hereby request the shareholders' approval to lift these Directors and their proxies from the non-competition restrictions in accordance with Article 209 of the Company Act. Please refer to Page 37(Attachment 5) for the status of the competition of the newly elected Directors.

Extemporaneous Motions

Adjournment

Attachment

Attachment 1. Business Report

AP Memory had a challenging year in 2022, especially in the second half of the year. The semiconductor industry macro environment took a sharp turn from supply shortage to inventory overhang and weak demand. AP Memory's business is impacted by this macro environment challenge. However, our financial performance remains strong, partially aided by foreign exchange gains from our substantial US dollar cash position.

On consolidated basis, AP Memory earned NT\$1,942 million (NT\$12.09 per share) in net income in 2022. Compared to 2021 net income of NT\$2,025 million (NT\$13.67 per share), the company's net income decreased by 4%, and earnings per share decreased by 12% partially due to the dilutive effects of GDR (Global Depository Receipts) equity fundraising. Excluding impact of foreign exchange gains resulting from GDR funds, net income decreased by 23%. Revenue decreased from NT\$6.6 billion to NT\$5.1 billion, by 23%, in the same period. Gross margin rate remained relatively stable, at 44% for the full year.

	Unit : In Thousands of New Taiwan Dollars			
	2022 (A)	2021(B)	Δ AMT(C=A-B)	Δ %(C/B)
Revenue	5,094,775	6,617,215	(1,522,440)	(23%)
Gross Profit Margin (%)	44%	46%	(2%)	(4%)
Operating Expense	720,874	655,451	65,423	10%
Operating Expenses Rate (%)	15%	10%	5%	50%
Operating Income	1,500,520	2,370,157	(869,637)	(37%)
Non-Operating P/L	948,763	144,109	804,654	558%
Net Income before Tax	2,449,283	2,514,266	(64,983)	(3%)
Net Income	1,941,696	2,025,457	(83,761)	(4%)
Net income(%)	38%	31%	7%	23%
EPS(NT\$)	12.09	13.67	(1.58)	(12%)

Inventory level increased in response to YoY revenue growth through the first half of 2022. As demand softened in the second half, we took proactive steps to control our inventory level. The 2022 year-end inventory is valued at NT\$1.5 billion, a 10% decrease from the end of 2021.

In January 2022, we completed a GDR offering, raising net proceeds of about US\$190 million, at a cost of 7.9% of equity share dilution. As a result, our balance sheet further strengthened from the end of 2021. Cash and cash equivalents represent 70% of our assets. Net shareholder equity increased by 128% from the end of 2021, to NT\$11 billion.

	Unit : In Thousands of New Taiwan Dollars			
	2022 (D)	2021 (E)	Δ AMT(F=D-E)	Δ %(F/E)
Cash and cash equivalents	8,182,432	2,517,447	5,664,985	225%
Inventories	1,528,392	1,696,621	(168,229)	(10%)
Current assets	10,446,618	5,124,533	5,322,085	104%
Financial assets at FVTPL	256,007	141,989	114,018	80%
Total assets	11,691,311	6,278,643	5,412,668	86%
Accounts Payables	149,961	600,046	(450,085)	(75%)
Total liabilities	740,744	1,483,688	(742,944)	(50%)
Capital	808,634	746,997	61,637	8%
Total equity	10,950,567	4,794,955	6,155,612	128%

■ Macro Environment Challenges

In 2021, due partially to COVID-related strong demand, the semiconductor industry witnessed a severe shortage of production capacity. As a result, many customers increased inventory in anticipation of prolonged shortages, further exacerbating the supply shortage. This trend lasted through the first quarter of 2022. By the middle of 2022, it became increasingly clear that the supply shortage was easing and demand was softening. Customers with increased inventory took a sharp turn in their purchasing decisions, from adding to inventory to controlling or reducing inventory. This resulted in the dramatic fall in demand.

More globally, war in Europe, US-China trade-war, global inflationary pressure, and persistent COVID restrictions, all contributed to weak consumer demand.

In IoT BU, inventory level at key customers was high at the end of third quarter. Demand, especially for consumer wearables, was weak. This weakness is expected to persist in the first part of 2023.

In AI BU, where most of our production revenue is from cryptocurrency mining market, had a unique challenge of its own. The cryptocurrency Ethereum underwent a consensus mechanism change from Proof-of-Work to Proof-of-Stake. This change effectively reduced the size of the market that we are in. The general cryptocurrency market is also experiencing a downturn. Many of our customers became more cautious in their demand forecast.

However, like all previous down cycles, this down cycle will pass in time. We will continue to invest in our future, and will emerge from this down cycle stronger than ever.

■ Pause in IoT BU Revenue Growth

Our IoT Business Unit, which supplies cost-effective IoTRAM products to IoT market worldwide, took a pause in revenue growth in 2022, on the heels of triple digit growth in 2021 and amid difficult macro environment. IoT BU revenue decreased 27% from NT\$5,845 million in 2021 to NT\$4,281 million in 2022. This pause in growth is primarily due to the macro environment mentioned in the previous section. The underlying IoT market is still on a long-term growth trend, and our market position and brand recognition in IoTRAM is still strong.

Our IoTRAM is a family of non-JEDEC standard products, optimized for optimal cost and performance for target applications. Our customers must design in our memory interface in order to use our products. Conversely, customers cannot easily replace our products with competitors' products without significant effort. Due to the customized nature of our products, our product pricing is not significantly correlated with commodity memory. In the current ongoing industry downturn, our gross margin rate has remained relatively stable.

Despite of the current difficult business environment, we believe the strength of our IoTRAM product portfolio and growth of IoT market will take us back to the long-term growth trajectory.

■ Promising Opportunities in AI Business Unit

AI BU achieved revenue of about NT\$813 million, a 5% growth from \$773 million in 2021. This achievement is especially remarkable given the difficult business environment.

While the majority of our 2022 revenue was derived from cryptocurrency market, which is experiencing some challenges, our VHM™ technology is gaining interest from some of the most important industry players. We started proof-of-concept (POC) projects with multiple partners for non-cryptocurrency applications. While these POC projects are still far away from volume production, we believe they represent promising opportunities for our VHM™ technology. Particularly interesting is the emergence of very large model AI algorithms such as GPT-3 which has gathered some media attention lately. Such algorithms rely on hardware designs that require ever-growing bandwidth, capacity, and energy efficiency. The growth trajectory of such requirements will undoubtedly lead to mainstream adoption of 3D technology. We are well positioned to be a key participant in this technology revolution.

■ Stronger Organization for the Future

In 2022, we made some organizational changes to further sharpen our focus. Dr. Ivan Hong, formerly Senior VP and IoT BU General Manager, took over the position of President, while Wen Chen remains Chairman and CEO. By separating the role of President, which leads day-to-day operation, from that of Chairman/CEO, which focuses more on strategic directions, we are positioning our company better for future growth.

We elected a new independent director in 2022 General Shareholders Meeting, Dr. Elizabeth Sun. Dr. Sun is a legend in the fields of corporate communications and investor relations. Dr. Sun joins three other esteemed independent directors, Robbins Yeh, Sarah Wang, and Frank Liu. The new board, with four independent directors out of seven seats, is taking our company to a new level of corporate governance.

■ GDR Fundraising and Share Dilution

The \$190M GDR offering that we completed in January, 2022 resulted in a 7.9% share dilution. This is a decision we took after careful consideration of our future capital needs and cost of such capital. While we have not significantly deployed this capital due to various macroeconomic and geopolitical reasons, we believe this capital provides the necessary ammunition for our battle for dominance in the market.

Besides the recent GDR offering, the other source of share dilution has been the ongoing employee incentive stock plans, including the employee option and restricted stockgrants. Since 2019, the total numbers of shares granted annually has been in the range of 0.2-0.4%. We firmly believe that this represents a good balance between incentivizing employees and maximizing long-term shareholder value.

■ Cautious Outlook for 2023 and Long-term Optimism

Early in 2023, we are seeing a continued weakness in demand. While we anticipate a turn-around in 2nd half of 2023, we remain cautious for the full year. We are taking necessary steps to control cost while expanding revenue opportunities.

The year 2022 saw wild swings in USD/NTD exchange rate. In the first three quarters, USD appreciated approximately 15% against NTD, which resulted in NT\$961 million of foreign exchange gains for AP Memory. However in the fourth quarter, USD depreciated substantially against NTD, and resulted in NT\$260 million in foreign exchange loss for AP Memory.

While these foreign exchange gains and losses have substantial impact to our income statement, their real world impact is limited. For this and cost reasons, we currently don't engage in any foreign currency hedging contracts.

Despite the short term moderation in growth, we are more optimistic than ever in our long-term growth prospects. In 2023, we strive to solidify our leadership, and continue to innovate and deliver financial results for our shareholders.

We deeply appreciate the support and encouragement of our shareholders, as well as that of our customers, suppliers, employees, and other ecosystem partners.

Chairman: Chen, Wen-Liang

President: Hung, Chih-Hsun

Senior Vice President: Liu, Chin-Hung

Chief of Finance: Lin, Yu-Hsin

Accounting Senior Manager: Hung, Mao-Chuan

Attachment 2. Independent Auditors' Report and the Financial Statements

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders
AP Memory Technology Corporation

Opinion

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

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its individual financial performance and its individual 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 in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the Corporation's individual financial statements for the year ended 2022. These matters were addressed in the context of our audit of the individual 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 of the Corporation's individual financial statements for the year ended 2022 are described as follows:

Sales Revenue from Specific Customers

The sales revenue of AP Memory Technology Corporation was \$4,971,181 thousand in 2022. The revenue from sales to some customers, which increased significantly comparing with the previous year, counts for a large portion of the total sales revenue and is therefore determined as one of the key audit matters.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. Understand and evaluate revenue recognition related internal control system and test the design and implementation of thereof.
2. Target specific customers to randomly select related revenue transactions and issue an inquiry letter thereto accordingly. If the inquiry letter cannot be taken back on time, implement alternative procedures, such as checking transaction certificates and post-period payment collection status.
3. Target specific customers to sample the sales revenue records thereof; and review related transaction documents, such purchase order, shipping documents and payment collection receipts to confirm the authenticity of revenue recognition.
4. Sample post-period sales returns, discounts and payment collection status to confirm the rationality of revenue recognition.

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

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

In preparing the individual financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual 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 auditing standards 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 individual financial statements.

As part of an audit in accordance with auditing standards 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 individual 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 Corporation'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 Corporation'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 individual 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual 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 Corporation to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the Corporation 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 Corporation's individual financial statements for the year ended 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China
Date: February 24, 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 accepted and 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 auditors' report and financial statements shall prevail.

AP Memory Technology Corporation

Individual Balance Sheet

As of December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,003,529	69	\$ 2,303,832	37
Financial assets at amortized cost - Current (Notes 4, 8 and 27)	2,782	-	2,763	-
Accounts receivable (Notes 4, 9 and 19)	500,338	4	740,801	12
Accounts receivable from related parties (Notes 4, 9, 19 and 26)	120,782	1	110,246	2
Current tax assets	80	-	-	-
Other receivables (Notes 4 and 9)	31,879	-	38,095	-
Inventories (Notes 4 and 10)	1,528,127	13	1,696,402	27
Other current assets (Note 15)	47,832	1	7,015	-
Total current assets	<u>10,235,349</u>	<u>88</u>	<u>4,899,154</u>	<u>78</u>
Non-current assets				
Valuation gain on financial assets at fair value through profit or loss- Non-current (Notes 4, 5, 7 and 25)	256,007	2	141,989	2
Investments accounted for using equity method (Notes 4 and 11)	340,929	3	329,481	5
Property, plant and equipment (Notes 4 and 12)	79,251	1	80,347	1
Right-of-use assets (Notes 4 and 13)	71,799	1	97,499	2
Other intangible assets (Notes 4 and 14)	4,106	-	6,098	-
Deferred income tax assets (Notes 4 and 21)	31,163	-	25,486	1
Refundable deposits (Notes 28)	464,027	4	464,609	8
Other non-current assets (Note 15)	173,802	1	205,876	3
Total non-current assets	<u>1,421,084</u>	<u>12</u>	<u>1,351,385</u>	<u>22</u>
Total assets	<u>\$ 11,656,433</u>	<u>100</u>	<u>\$ 6,250,539</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Contract liabilities (Notes 4 and 19)	\$ 22,981	-	\$ 172,570	3
Accounts payable	149,961	1	600,046	10
Other payables (Note 16)	104,047	1	153,178	2
Other payables from related parties (Note 26)	15,830	-	14,532	-
Current tax liabilities	295,101	3	387,146	6
Lease liabilities— Current (Notes 4 and 13)	50,771	-	40,872	1
Other current liabilities (Note 16)	2,389	-	3,392	-
Total current liabilities	<u>641,080</u>	<u>5</u>	<u>1,371,736</u>	<u>22</u>
Non-current liabilities				
Deferred tax liabilities(Notes 4 and 21)	45,132	1	19,278	-
Lease liabilities - Non-current (Notes 4 and 13)	5,654	-	50,570	1
Guarantee deposits received	14,000	-	14,000	-
Total non-current liabilities	<u>64,786</u>	<u>1</u>	<u>83,848</u>	<u>1</u>
Total liabilities	<u>705,866</u>	<u>6</u>	<u>1,455,584</u>	<u>23</u>
Equity (Notes 4, 18 and 23)				
Share capital				
Ordinary share	807,786	7	744,136	12
Advance receipts for ordinary share	848	-	2,861	-
Total shares	<u>808,634</u>	<u>7</u>	<u>746,997</u>	<u>12</u>
Capital surplus	6,178,947	53	1,054,788	17
Retained earnings				
Legal reserve	566,709	5	364,163	6
Unappropriated retained earnings	3,396,727	29	2,631,525	42
Total retained earnings	<u>3,963,436</u>	<u>34</u>	<u>2,995,688</u>	<u>48</u>
Other equity interest	(450)	-	8,728	-
Treasury shares	-	-	(11,246)	-
Total equity	<u>10,950,567</u>	<u>94</u>	<u>4,794,955</u>	<u>77</u>
Total liabilities and equity	<u>\$ 11,656,433</u>	<u>100</u>	<u>\$ 6,250,539</u>	<u>100</u>

AP Memory Technology Corporation
Individual 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, 19 and 26)	\$ 4,971,181	100	\$ 6,461,280	100
Operating costs (Notes 10, 20 and 26)	<u>2,863,822</u>	<u>58</u>	<u>3,593,354</u>	<u>56</u>
Gross profit	<u>2,107,359</u>	<u>42</u>	<u>2,867,926</u>	<u>44</u>
Operating expense (Notes 4, 9, 20 and 26)				
Selling expense	101,292	2	101,916	2
Administrative expense	116,928	2	166,463	2
Research and development expense	392,505	8	278,473	4
Expected credit/ impairment (gain on reversal of impairment loss) loss	(<u>638</u>)	<u>-</u>	(<u>602</u>)	<u>-</u>
Total operating expense	<u>610,087</u>	<u>12</u>	<u>546,250</u>	<u>8</u>
Net operating income	<u>1,497,272</u>	<u>30</u>	<u>2,321,676</u>	<u>36</u>
Non-operating income and expense				
Other income(Notes 4 and 20)	1,769	-	982	-
Share of profit of subsidiaries and associates accounted for using equity method (Notes 4 and 11)	19,243	1	85,024	1
Interest income (Note 4)	104,889	2	3,110	-
Gains on disposals of property, plant and equipment	54	-	-	-
Gains on disposals of investments(Note 18)	13,443	-	-	-

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	2022		2021	
	Amount	%	Amount	%
Foreign exchange gains (losses) – Net (Notes 4, 20 and 29)	\$ 700,965	14	(\$ 14,849)	-
Gains on financial assets (liabilities) at fair value through profit or loss (Note 4 and 25)	114,018	2	118,983	2
Interest expense	(1,341)	-	(1,806)	-
Total non-operating income and expense	<u>953,040</u>	<u>19</u>	<u>191,444</u>	<u>3</u>
Income before tax	2,450,312	49	2,513,120	39
Income tax expense (Notes 4 and 21)	(508,616)	(10)	(487,663)	(8)
Net profit (loss) for the year	<u>1,941,696</u>	<u>39</u>	<u>2,025,457</u>	<u>31</u>
Other comprehensive income (Notes 4 and 18)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	2,860	-	(1,299)	-
Share of the other comprehensive income of subsidiaries accounted for using equity method	<u>1,405</u>	-	(15)	-
	<u>4,265</u>	-	(1,314)	-
Other comprehensive income for the year (net of income tax)	<u>4,265</u>	-	(1,314)	-
Total comprehensive income for the year	<u>\$ 1,945,961</u>	<u>39</u>	<u>\$ 2,024,143</u>	<u>31</u>
Earnings per share (Note 22)				
Basic	<u>\$ 12.09</u>		<u>\$ 13.67</u>	
Diluted	<u>\$ 11.96</u>		<u>\$ 13.45</u>	

AP Memory Technology Corporation
Individual Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Share capital (Notes 4, 18 and 23)			Capital surplus (Notes 4, 18 and 23)	Retained earnings (Notes 4 and 18)				Other equity (Notes 4, 18) Exchange differences on translating the financial statements of foreign operations	Treasury shares (Notes 4 and 18)	Total equity
	Ordinary share	Advance receipts for ordinary share	Total		Legal reserve	Special reserve	Unappropriated retained earnings	Total			
Balance at January 1, 2021	\$ 742,316	\$ 532	\$ 742,848	\$ 1,020,722	\$ 282,992	\$ 4,576	\$ 1,053,036	\$ 1,340,604	\$ 10,042	(\$ 11,246)	\$ 3,102,970
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	-	81,171	-	(81,171)	-	-	-	-
Special reserve	-	-	-	-	-	(4,576)	4,576	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(370,373)	(370,373)	-	-	(370,373)
Compensation cost for employee share options	-	-	-	25,465	-	-	-	-	-	-	25,465
Net profit for the year 2021	-	-	-	-	-	-	2,025,457	2,025,457	-	-	2,025,457
Other comprehensive income after tax for the year 2021	-	-	-	-	-	-	-	-	(1,314)	-	(1,314)
Total comprehensive income for the year 2021	-	-	-	-	-	-	<u>2,025,457</u>	<u>2,025,457</u>	(<u>1,314</u>)	-	<u>2,024,143</u>
Issuance of ordinary shares under the employee share option plan	<u>1,820</u>	<u>2,329</u>	<u>4,149</u>	<u>8,601</u>	-	-	-	-	-	-	<u>12,750</u>
Balance at December 31, 2021	744,136	2,861	746,997	1,054,788	364,163	-	2,631,525	2,995,688	8,728	(11,246)	4,794,955
Appropriation of the 2021 earnings											
Legal reserve	-	-	-	-	202,546	-	(202,546)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(968,275)	(968,275)	-	-	(968,275)
Compensation cost for employee share options	-	-	-	26,099	-	-	-	-	-	-	26,099
Disposal of investments accounted for using equity method	-	-	-	-	-	-	-	-	(13,443)	-	(13,443)
Proceeds from issuing shares	64,000	-	64,000	5,087,283	-	-	-	-	-	-	5,151,283
Treasury stock retired	(2,580)	-	(2,580)	(2,993)	-	-	(5,673)	(5,673)	-	11,246	-
Net profit for the year 2022	-	-	-	-	-	-	1,941,696	1,941,696	-	-	1,941,696
Other comprehensive income after tax for the year 2022	-	-	-	-	-	-	-	-	4,265	-	4,265
Total comprehensive income for the year 2022	-	-	-	-	-	-	<u>1,941,696</u>	<u>1,941,696</u>	<u>4,265</u>	-	<u>1,945,961</u>
Issuance of ordinary shares under the employee share option plan	<u>2,230</u>	(<u>2,013</u>)	<u>217</u>	<u>13,770</u>	-	-	-	-	-	-	<u>13,987</u>
Balance at December 31, 2022	<u>\$ 807,786</u>	<u>\$ 848</u>	<u>\$ 808,634</u>	<u>\$6,178,947</u>	<u>\$ 566,709</u>	<u>\$ -</u>	<u>\$3,396,727</u>	<u>\$3,963,436</u>	(<u>\$ 450</u>)	<u>\$ -</u>	<u>\$10,950,567</u>

AP Memory Technology Corporation
Individual Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flow from operating activities		
Income before tax for the year	\$ 2,450,312	\$ 2,513,120
Adjustments to reconcile profit (loss)		
Depreciation expense	53,997	43,001
Amortization expense	2,791	14,439
Expected credit/ impairment (gain on reversal of impairment loss) loss	(638)	(602)
Valuation gain on financial assets at fair value through profit or loss	(114,018)	(118,983)
Interest expense	1,341	1,806
Interest income	(104,889)	(3,110)
Dividend income	(322)	(503)
Cost of share-based payment	20,179	20,135
Share of profit (loss) of subsidiaries and associates accounted for using equity method	(19,243)	(85,024)
Loss on disposal and scrap of property, plant and equipment	494	-
Gains on disposal of associates accounted for using equity method	(13,443)	-
Loss of inventory falling price and slow-moving inventory	25,604	63,481
Unrealized foreign exchange loss (gain)	(2,451)	(24,446)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	225,207
Accounts receivable	235,356	(91,907)
Other receivables	19,293	383,337
Inventories	142,671	(1,135,021)
Prepayment	(8,715)	(89,037)
Other current assets	(26)	(81)
Refundable deposits	582	(243,440)
Contract liabilities	(149,589)	172,570
Accounts payable	(452,124)	373,870
Other payables	(48,098)	(153,094)
Other current liabilities	(1,003)	1,251
Cash inflow (outflow) generated from operations	2,038,061	1,866,969
Interest received	93,227	3,030

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	<u>2022</u>	<u>2021</u>
Dividend received	\$ 322	\$ 503
Interest paid	(1,341)	(1,808)
Income taxes paid	(580,544)	(84,913)
Net cash inflow (outflow) generated from operating activities	<u>1,549,725</u>	<u>1,783,781</u>
Cash flows from investing activities		
Acquisition of investment accounted for using equity method	(70,911)	-
Proceeds from disposal of subsidiaries	76,239	-
Purchase of property, plant and equipment	(24,302)	(88,055)
Increase in refundable deposits	-	(12,975)
Acquisition of intangible assets	(799)	(6,564)
Dividends received from associates	<u>11,160</u>	<u>492,041</u>
Net cash flows from investing activities	<u>(8,613)</u>	<u>384,447</u>
Cash flows from (used in) financing activities		
Decrease in short-term loans	-	(85,140)
Increase in guarantee deposits	-	14,000
Payment of lease liabilities	(38,410)	(32,770)
Cash dividend paid	(968,275)	(370,373)
Proceeds from issuing shares	5,151,283	-
Exercise of employee share options	13,987	12,750
Acquisition of ownership interests in subsidiaries (Note 11)	-	(27,665)
Disposal of ownership interests in subsidiaries	<u>-</u>	<u>399,000</u>
Net cash from financing activities	<u>4,158,585</u>	<u>(90,198)</u>
Net increase in cash and cash equivalents	5,699,697	2,078,030
Cash and cash equivalents at the beginning of the year	<u>2,303,832</u>	<u>225,802</u>
Cash and cash equivalents at the end of the year	<u>\$ 8,003,529</u>	<u>\$ 2,303,832</u>

Declaration of Consolidation of Financial Statements of Affiliates

We hereby declare that the companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of a parent and its subsidiaries under International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of a parent and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Company: AP Memory Technology Corporation

Person in charge: Chen, Wen-liang

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders
AP Memory Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of AP Memory Technology Corporation and its Subsidiaries (hereinafter 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 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 judgement, were of the most significance in our audit of the Group's consolidated financial statements for the year ended 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 of the Group's consolidated financial statements for the year ended 2022 are described as follows:

Sales Revenue from Specific Customers

The sales revenue of AP Memory Technology Corporation and its Subsidiaries was \$5,094,775 thousand in 2022. The revenue from sales to some customers, which increased significantly comparing with the previous year, counts for a large portion of the total sales revenue and is therefore determined as one of the key audit matters.

Our main audit procedures performed in response to the key audit matter described above were as follows:

5. Understand and evaluate revenue recognition related internal control system and test the design and implementation of thereof.
6. Target specific customers to randomly select related revenue transactions and issue an inquiry letter thereto accordingly. If the inquiry letter cannot be taken back on time, implement alternative procedures, such as checking transaction certificates and post-period payment collection status.
7. Target specific customers to sample the sales revenue records thereof; and review related transaction documents, such purchase order, shipping documents and payment collection receipts to confirm the authenticity of revenue recognition.
8. Sample post-period sales returns, discounts and payment collection status to confirm the rationality of revenue recognition.

Other Matters

We have also audited the parent company only financial statements of AP Memory Technology Corporation as of and for the year ended 2022 and 2021 on which we have issued an unqualified 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 IFRS, 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards 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 Group's consolidated financial statements for the year ended 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.

Deloitte & Touche

Taipei, Taiwan

Republic of China

Date: February 24, 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 accepted and 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 auditors' report and consolidated financial statements shall prevail.

AP Memory Technology Corporation and its Subsidiaries

Consolidated Balance Sheets

As of December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,182,432	70	\$ 2,517,447	40
Financial assets at amortized cost - Current (Notes 4, 8 and 28)	2,782	-	2,763	-
Accounts receivable (Notes 4, 9, 20 and 27)	638,597	5	854,080	14
Other receivables (Notes 4 and 9)	31,879	-	38,106	1
Current tax assets (Note 4)	80	-	-	-
Inventories (Notes 4 and 10)	1,528,392	13	1,696,621	27
Other current assets (Note 16)	62,456	1	15,516	-
Total current assets	<u>10,446,618</u>	<u>89</u>	<u>5,124,533</u>	<u>82</u>
Non-current assets				
Financial assets at fair value through profit or loss - Non-current (Notes 4, 5, 7 and 26)	256,007	2	141,989	2
Financial assets at amortized cost - Non-current (Notes 4 and 8)	6,522	-	5,789	-
Investments accounted for using equity method (Notes 4 and 12)	114,991	1	87,123	1
Property, plant and equipment (Notes 4 and 13)	80,634	1	81,399	1
Right-of-use assets (Notes 4 and 14)	80,018	1	98,908	2
Other intangible assets (Notes 4 and 15)	21,711	-	16,978	-
Deferred tax assets (Notes 4 and 22)	31,163	-	25,486	1
Refundable deposits (Note 29)	464,452	4	464,971	7
Other non-current assets (Note 16)	189,195	2	231,467	4
Total non-current assets	<u>1,244,693</u>	<u>11</u>	<u>1,154,110</u>	<u>18</u>
Total assets	<u>\$ 11,691,311</u>	<u>100</u>	<u>\$ 6,278,643</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Contract liabilities (Notes 4 and 20)	\$ 23,043	-	\$ 173,602	3
Accounts payable	149,961	1	600,046	9
Other payables (Note 17)	146,564	1	192,369	3
Current tax liabilities (Note 4)	295,101	3	388,279	6
Lease liabilities - Current (Notes 4 and 14)	54,559	1	41,286	1
Other current liabilities (Note 17)	3,262	-	4,258	-
Total current liabilities	<u>672,490</u>	<u>6</u>	<u>1,399,840</u>	<u>22</u>
Non-current liabilities				
Deferred tax liabilities (Notes 4 and 22)	45,132	-	19,278	1
Lease liabilities - Non-current (Notes 4 and 14)	9,122	-	50,570	1
Guarantee deposits received	14,000	-	14,000	-
Total non-current liabilities	<u>68,254</u>	<u>-</u>	<u>83,848</u>	<u>2</u>
Total liabilities	<u>740,744</u>	<u>6</u>	<u>1,483,688</u>	<u>24</u>
Equity (Notes 4, 19, 24)				
Share capital				
Ordinary share	807,786	7	744,136	12
Advance receipts for ordinary share	848	-	2,861	-
Total shares	<u>808,634</u>	<u>7</u>	<u>746,997</u>	<u>12</u>
Capital surplus	<u>6,178,947</u>	<u>53</u>	<u>1,054,788</u>	<u>17</u>
Retained earnings				
Legal reserve	566,709	5	364,163	5
Unappropriated earnings	3,396,727	29	2,631,525	42
Total retained earnings	<u>3,963,436</u>	<u>34</u>	<u>2,995,688</u>	<u>47</u>
Other equity	(450)	-	8,728	-
Treasury shares	-	-	(11,246)	-
Total equity	<u>10,950,567</u>	<u>94</u>	<u>4,794,955</u>	<u>76</u>
Total liabilities and equity	<u>\$ 11,691,311</u>	<u>100</u>	<u>\$ 6,278,643</u>	<u>100</u>

AP Memory Technology Corporation and its 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 20 and 27)	\$ 5,094,775	100	\$ 6,617,215	100
Operating costs (Notes 10 and 21)	<u>2,873,381</u>	<u>56</u>	<u>3,591,607</u>	<u>54</u>
Gross profit	<u>2,221,394</u>	<u>44</u>	<u>3,025,608</u>	<u>46</u>
Operating expense (Notes 4, 9 and 21)				
Selling expense	126,823	3	115,405	2
Administrative expense	132,623	3	181,544	3
Research and development expense	462,066	9	359,104	5
Expected credit/ impairment (gain on reversal of impairment loss) loss	(<u>638</u>)	<u>-</u>	(<u>602</u>)	<u>-</u>
Total operating expense	<u>720,874</u>	<u>15</u>	<u>655,451</u>	<u>10</u>
Net operating income	<u>1,500,520</u>	<u>29</u>	<u>2,370,157</u>	<u>36</u>
Non-operating income and expense				
Other income	9,008	-	23,797	-
Share of other comprehensive income of associates, accounted for using equity method (Notes 12)	5,964	-	12,618	-
Interest income	106,839	2	4,957	-
Gains on disposals of property, plant and equipment	54	-	-	-
Gains on disposals of investments	13,443	1	-	-
Profit from lease modification	25	-	-	-
Gains on financial assets (liabilities) at fair value through profit or loss (Note 26)	114,018	2	120,071	-
Interest expense	(1,570)	-	(1,951)	2
Foreign exchange gains (losses) – Net (Notes 21 and 31)	<u>700,982</u>	<u>14</u>	(<u>15,383</u>)	<u>-</u>
Total non-operating income and expense	<u>948,763</u>	<u>19</u>	<u>144,109</u>	<u>2</u>

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	2022		2021	
	Amount	%	Amount	%
Profit (loss) from continuing operations before tax	\$ 2,449,283	48	\$ 2,514,266	38
Total tax expense (income) (Notes 4 and 22)	(507,587)	(10)	488,809	(7)
Net profit (loss) for the year	<u>1,941,696</u>	<u>38</u>	<u>2,025,457</u>	<u>31</u>
Other comprehensive income (Notes 4 and 19)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>4,265</u>	-	(1,314)	-
Other comprehensive income for the year (net after income tax)	<u>4,265</u>	-	(1,314)	-
Total comprehensive income for the year	<u>\$ 1,945,961</u>	<u>38</u>	<u>\$ 2,024,143</u>	<u>31</u>
Earnings per share (Note 23)				
From continuing and discontinued operations				
Basic	<u>\$ 12.09</u>		<u>\$ 13.67</u>	
Diluted	<u>\$ 11.96</u>		<u>\$ 13.45</u>	

AP Memory Technology Corporation and its Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Share capital (Notes 4, 19 and 24)			Capital surplus (Notes 4, 19 and 24)	Retained earnings (Notes 4 and 19)				Other equity interest (Notes 4, 19)		Total equity
	Ordinary share	Advance receipts for ordinary share	Total		Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Treasury shares (Notes 4 and 19)	
Balance at January 1, 2021	\$ 742,316	\$ 532	\$ 742,848	\$ 1,020,722	\$ 282,992	\$ 4,576	\$ 1,053,036	\$ 1,340,604	\$ 10,042	(\$ 11,246)	\$ 3,102,970
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	-	81,171	-	(81,171)	-	-	-	-
Special reserve	-	-	-	-	-	(4,756)	4,576	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(370,373)	(370,373)	-	-	(370,373)
Compensation cost for employee share options	-	-	-	25,465	-	-	-	-	-	-	25,465
Net profit for the year 2021	-	-	-	-	-	-	2,025,457	2,025,457	-	-	2,025,457
Other comprehensive income after tax for the year 2021	-	-	-	-	-	-	-	-	(1,314)	-	(1,314)
Total comprehensive income for the year 2021	-	-	-	-	-	-	2,025,457	2,025,457	(1,314)	-	2,024,143
Issuance of ordinary shares under the employee share option plan	1,820	2,329	4,149	8,601	-	-	-	-	-	-	12,750
Balance at December 31, 2021	744,136	2,861	746,997	1,054,788	364,163	-	2,631,525	2,995,688	8,728	(11,246)	4,794,955
Distribution and appropriation of the 2021 earnings											
Legal reserve	-	-	-	-	202,546	-	(202,546)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(968,275)	(968,275)	-	-	(968,275)
Compensation cost for employee share options	-	-	-	26,099	-	-	-	-	-	-	26,099
Disposal of investments accounted for using equity method	-	-	-	-	-	-	-	-	(13,443)	-	(13,443)
Proceeds from issuing shares	64,000	-	64,000	5,087,283	-	-	-	-	-	-	5,151,283
Treasury stock retired	(2,580)	-	(2,580)	(2,993)	-	-	(5,673)	(5,673)	-	11,246	-
Net profit for the year 2022	-	-	-	-	-	-	1,941,696	1,941,696	-	-	1,941,696
Other comprehensive income after tax for the year 2022	-	-	-	-	-	-	-	-	4,265	-	4,265
Total comprehensive income for the year 2022	-	-	-	-	-	-	1,941,696	1,941,696	4,265	-	1,945,961
Issuance of ordinary shares under the employee share option plan	2,230	(2,013)	217	13,770	-	-	-	-	-	-	13,987
Balance at December 31, 2022	\$ 807,786	\$ 848	\$ 808,634	\$ 6,178,947	\$ 566,709	\$ -	\$ 3,396,727	\$ 3,963,436	(\$ 450)	\$ -	\$ 10,950,567

AP Memory Technology Corporation and its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income taxes	\$ 2,449,283	\$ 2,514,266
Adjustments to reconcile profit (loss)		
Depreciation expense	58,876	48,237
Amortization expense	15,799	25,050
Expected credit/ impairment (gain on reversal of impairment loss) loss	(683)	(602)
Valuation gain on financial assets at fair value through profit or loss	(114,018)	(120,071)
Interest expense	1,570	1,951
Interest income	(106,839)	(4,957)
Dividend income	(322)	(503)
Cost of share-based payment	26,099	25,465
Share of profit (loss) of associates accounted for using equity method	(5,964)	(12,618)
Loss on disposal and scrap of property, plant and equipment	(54)	-
Profit from lease modification	(25)	-
Gain (on disposal of assets)	(13,443)	-
Loss of inventory falling price and slow-moving inventory	25,675	63,481
Unrealized foreign exchange loss (gain)	(4,839)	(24,446)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	976,634
Notes and accounts receivable	223,233	(251,038)
Other receivables	17,654	384,775
Inventories	142,554	(1,135,047)
Other assets	(4,666)	(97,408)
Refundable deposits	519	(243,440)
Contract liabilities	(150,559)	173,514
Accounts payable	(452,124)	365,124
Other payables	(45,483)	(141,367)
Other current liabilities	(996)	1,556
Cash inflow (outflow) generated from operations	2,061,292	2,548,556
Interest received	95,178	4,143
Dividend received	322	503

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	<u>2022</u>	<u>2021</u>
Interest paid	(\$ 1,570)	(\$ 1,953)
Income taxes paid	(<u>580,588</u>)	(<u>140,324</u>)
Net cash inflow (outflow) generated from operating activities	<u>1,574,634</u>	<u>2,410,925</u>
Cash flows from investing activities		
Proceeds from disposal of financial assets at amortized	-	57,528
Acquisition of investment accounted for using equity method	(33,771)	-
Purchase of property, plant and equipment	(26,030)	(87,049)
Disposition of Property, plant and equipment	548	-
Increase in refundable deposits	-	(12,984)
Acquisition of intangible assets	(19,194)	(7,404)
Dividends received from associates	<u>11,160</u>	<u>5,400</u>
Net cash flows from investing activities	(<u>67,287</u>)	(<u>44,509</u>)
Cash flows from (used in) financing activities		
Decrease in short-term loans	-	(130,613)
Increase in guarantee deposits	-	14,000
Payment of lease liabilities	(42,307)	(36,892)
Cash dividend paid	(968,275)	(370,373)
Proceeds from issuing shares	5,151,283	-
Exercise of employee share options	<u>13,987</u>	<u>12,750</u>
Net cash from financing activities	<u>4,154,688</u>	(<u>511,128</u>)
Effect of exchange rate changes on cash and cash equivalents	<u>2,950</u>	(<u>808</u>)
Net increase in cash and cash equivalents	5,664,985	1,854,480
Cash and cash equivalents at the beginning of the year	<u>2,517,447</u>	<u>662,967</u>
Cash and cash equivalents at the end of the year	<u>\$ 8,182,432</u>	<u>\$ 2,517,447</u>

Attachment 3. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the AP Memory Technology Corporation's (APM) 2022 Business Report, Financial Statements and proposal for allocation of annual earnings. The CPA firm of Deloitte & Touche was retained to audit APM's Financial statements and has issued an audit report relating to the Financial statements. The Business Report, Financial Statements, and the annual earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of APM. According to relevant requirements of the Securities and Exchange Act and Company Law, we hereby submit this report.

AP Memory Technology Corporation

Chairman of Audit Committee : Yeh, Jui-Pin

April 7th, 2023

Attachment 4. List of Director Candidates

Title/Name	Professional Qualifications & Education	Current Positions	Shareholdings (shares)
<p>Director Chen, Wen-Liang</p>	<ul style="list-style-type: none"> ■ Senior R&D Manager of Cypress Semiconductor Corporation, USA ■ President, Cascade Semiconductor Corporation, USA ■ Manager of R&D Department of Intel Corporation, USA ■ Ph.D., Applied Physics, Yale University, USA 	<ul style="list-style-type: none"> ■ Chairman of the Board, CEO and CTO, AP Memory Corporation ■ Chairman of the Board, VIVR Corporation ■ Person in charge, VIVR Corporation Taiwan Branch ■ Chairman of the Board, Onecent Technology Ltd. ■ Director of the Board, Lyontek Inc.; ■ Director of the Board, AI Memory Corporation; ■ Supervisor of AP Memory Technology (Hangzhou) Co. Limited 	<p>61,358</p>
<p>Director Hung, Chih-Hsun</p>	<ul style="list-style-type: none"> ■ R&D Engineering and Production Operation Assistant Manager of Alcor Micro, Corporation; ■ Senior Production and Operation Manager of Powerflash Technology Corporation; ■ Production and Operation Manager of eMemory Technology Inc.; ■ Ph.D., Industrial Engineering and Management, National Yang Ming Chiao Tung University. 	<ul style="list-style-type: none"> ■ Director of Board, President, AP Memory Technology Corporation ■ Director of Board , CascadeTeq Inc. ■ Director of Board, AP Memory Technology (Hangzhou) Co. Limited; ■ Director of Borad, AP Memory Technology (Hong Kong) Co. Limited.; ■ Director of Board, APware Technology Corp. 	<p>101,509</p>
<p>Director Li Shun Investment Co.</p> <p>Representative: Hsieh, Ming-Lin</p>	<ul style="list-style-type: none"> ■ Vice President of Corporate Development, Powerchip Technology Corporation ■ Assistant Manager of Investment Department, LiSi Management Consulting Co. ■ Director of Ili Technology Corp. ■ Master, Business Administration, National Taiwan University 	<ul style="list-style-type: none"> ■ Director of Board, AP Memory Technology Corporation ■ Chairman of Board, Li Shun Investment Co. ■ Chairman of Board, Treasure Fort Investments Ltd., British Virgin Islands ■ Director of Board, Quantum Vision Corp. ■ Director of Board, Liksei Venture Capital Co. ■ Director of Board, Syntronix Corporation ■ Director of Board, Teknowledge Development 	<p>127,854</p> <p>0</p>

Title/Name	Professional Qualifications & Education	Current Positions	Shareholdings (shares)
Independent Director Sun, Elizabeth	<ul style="list-style-type: none"> ■ Senior Director, Corporate Communication Division & Deputy Spokesman of TSMC ■ Partner and CFO, InveStar Capital ■ GMr& Head of research, HSBC Securities in Taiwan ■ VP and GM-Taiwan, State Street Corporation ■ Associate Professor of Finance, San Jose State University ■ Ph.D, University of Cincinnati Carl H. Lindner College of Business 	<ul style="list-style-type: none"> ■ Independent Director of the Board, AP Memory Co., Ltd ■ Honorary Chairperson, Taiwan Investor Relations Institute ■ Member of AGGA ■ Consultant, MediaTek Inc. 	0
Independent Director Yeh, Jui-Pin	<ul style="list-style-type: none"> ■ Chairman of Synopsys Taiwan Co., Ltd. ■ Global Vice President of Synopsys Inc. ■ Chairman of Kuan Hsin Venture Capital Co. ■ CEO of Youngtek Electronics Corp. ■ Business Manager of Hewlett-Packard Company ■ Master, Electrical Engineering, National Central University 	<ul style="list-style-type: none"> ■ Independent Director of the Board, AP Memory Co., Ltd ■ Director of Board, Mytek Corp. ■ Independent Director of the Board, Progate Group Corporation 	0
Independent Director Liu, Frank	<ul style="list-style-type: none"> ■ Independent Director of the board, member of audit committee, and member of compensation committee of RITDISPLAY Corporation ■ Independent Director of the board, member of audit committee, and member of compensation committee of PRIMAX ELECTRONICS Ltd. ■ Director of Transpac Capital Pte Ltd ■ Director of Hong Kong Techno Venture Ltd ■ Chairman of Lee Tah Farm Industries co., Ltd ■ Chairman of Lydon Textile Co ■ Chairman of. China Enterprise Forum ■ Director of Fuqun CVS Inc. ■ Director of TOYS"R"US Trading Limited ■ President of Hong Kong Li & Fung Group (Taiwan) Co. ■ President of Fai Hing Co. ■ President of Tuan Ho Trading Co. ■ M.S., Electrical Engineering and Computer Science, MIT ■ M.S., Physics ,Purdue University 	<ul style="list-style-type: none"> ■ Independent Director of the Board, AP Memory Co., Ltd ■ Chairman of Chelmsford. International Ltd ■ Director of the board of Taiwan Mergers & Acquisitions and Private Equity Council ■ Director of the board of Subic Bay Development and Management Co. Ltd 	0

Attachment 5 : The status of the competition of the newly elected Directors.

Title	Name	The status of the competition
Director	Chen, Wen-Liang	<ul style="list-style-type: none"> ■ Chairman of the Board, VIVR Corporation ■ Person in charge, VIVR Corporation Taiwan Branch ■ Chairman of the Board, Onecent Technology Ltd. ■ Director of the Board, Lyontek Inc.; ■ Director of the Board, AI Memory Corporation
Director	Hung, Chih-Hsun	<ul style="list-style-type: none"> ■ Director of Board , CascadeTeq Inc. ■ Director of Board, AP Memory Technology (Hangzhou) Co. Limited; ■ Director of Borad, AP Memory Technology (Hong Kong) Co. Limited.; ■ Director of Board, APware Technology Corp.
Director	Li Shun Investment Co. Representative: Hsieh, Ming-Lin	<ul style="list-style-type: none"> ■ Chairman of Board, Li Shun Investment Co. ■ Chairman of Board, Treasure Fort Investments Ltd., British Virgin Islands ■ Director of Board, Quantum Vision Corp. ■ Director of Board, Liksei Venture Capital Co. ■ Director of Board, Syntronix Corporation ■ Director of Board, Teknowledge Development Corp. ■ Director of Borad, LiHsin Investment Corp. ■ Director of Board, Lontium Semiconductor Corporation Holding Limited ■ Director of Board, AI Medical Technology Corporation ■ Director of Board, Powerax Quantum Electronic Corporation ■ Independent Director of Icatch Technology, Inc. ■ Vice President of Powerchip Semiconductor Manufacturing Corporation
Independent Director	Wang, Hsuan	<ul style="list-style-type: none"> ■ Independent Director of the Board, Advanced Lithium Electrochemistry (Cayman) Co., Ltd. ■ Independent Director of the Board, Highpoint Service Network Corporation
Independent Director	Yeh, Jui-Pin	<ul style="list-style-type: none"> ■ Director of Board, Mytek Corp. ■ Independent Director of the Board, Progate Group Corporation
Independent Director	Liu, Frank	<ul style="list-style-type: none"> ■ Chairman of Chelmsford. International Ltd

Appendix

Appendix 1. Articles of Incorporation

(Note: This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the original language.)

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 愛普科技股份有限公司 in the Chinese language and AP Memory Technology Corporation in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

- CC01080: Electronic parts and components manufacture.
- F401010: International Trade.
- I501010: Product design.
- F601010: Intellectual Property
- ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company is headquartered in the Hsinchu County, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative or branch offices at various locations within or outside the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

When the Company becomes a shareholder of limited liability of another company, the total amount of the Company's investment will not be subject to the restriction of not more than 40% of the Company's paid-in capital as provided in Article 13 of the Company Act.

Article 5

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 5-1

The Company may provide endorsement and guarantee to other companies. The process shall be handled in accordance with the Company's Operating Procedures of Endorsement/Guarantee.

Article 6

The total capital stock of the Corporation shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into 200,000,000 shares, at 5 New Taiwan Dollars each, and may be paid-up in installments. The Corporation may issue employee stock options from time to time. A total of 20,000,000 shares among the above total capital stock should be reserved for issuing employee stock options, preferred shares with warrants, and Bond with warrant from time to time in accordance with the resolution of the Board of Directors

Article 6-1

To issue employee stock warrants that are lower than the closing price of the company stocks as of the issuing date., the Corporation is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares. The Corporation is allowed to register multiple issues over a period of 1 year from the date of the shareholders resolution. The Corporation shall be required to specify the following information in the notice of reasons for convening the shareholders meeting, and may not raise the matter by means of an extraordinary motion according to "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and the related regulations.

Article 7

The share certificates of this Corporation shall all be name-bearing share certificates, and issued in accordance with this Corporation Law and relevant rules and regulations of the Republic of China. This Corporation is exempted from printing any share certificate for the shares issued. Such unprinted issued

shares shall be registered with a centralized securities depository enterprise.

Article 8

Changing in record of shareholder name shall be made in accordance with Article 165 of the Company Act.

Article 9

Shareholders' meetings of the Company are of two types, namely: (1) Annual General Shareholders' Meetings – which shall be convened by the Board of Directors within 6 months after the end of each fiscal year, and (2) Special Shareholders' Meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

For shareholders holding less than 1,000 registered shares, the notice of meeting will be sent by public announcement instead of physical mail.

Notice of a meeting may be sent through electronic way if the counterparty agrees.

The shareholders' meeting may be held by video conference or other means announced by the central competent authority.

Article 10

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to Article 177 of this Corporation Law, management of the proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 11

Each share of stock shall be entitled to one vote.

Article 12

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Article 12-1

The shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting. The method of exercising voting power shall be described in the shareholders' meeting notice. In addition to regulatory requirements, this Corporation shall adopt the electronic transmission as one of the methods for exercising the voting power in a shareholders' meeting.

Article 13

If the Corporation limited by shares which is organized by a single government shareholder or a single juristic person shareholder, the functional duties and power of the shareholders' meeting of the Corporation shall be exercised by its board of directors, to which the provisions governing the shareholders' meeting as set out in this Articles of Incorporation shall not apply.

Article 13-1

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation.

Article 14

The Corporation shall have seven to nine Directors. The Board of Directors is authorized to determine the number of Directors. The aforesaid Board of Directors must have at least three independent directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 14-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

Article 15

The Board of Directors shall be formed by elected Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall be the chairman of shareholders' meetings, and shall have the authority to represent the Company.

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless otherwise regulated by the Company Act. Directors may be notified of the Board of Directors meeting via written notices, as E-mail or fax. Except as otherwise provided in the Company Act of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting.

Article 16

In case the Chairman is on leave or otherwise cannot exercise his duty, should be in accordance with Article 165 of the Company Act.

Article 17

A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 18

The Board of Directors is authorized to determine the salary for Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Article 19

The Company may appoint or Dismissal one or more managers in accordance with Article 29 of the Company Act.

Article 20

After the end of each fiscal year, in accordance with Article 228 of the Company Act, Business Report, Financial Statements and the Proposal Concerning Appropriation of Profits or Covering of Losses shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

Article 21

If there is any profit for a specific fiscal year, the Company shall allocate no less than 1% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance.

Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be paid in cash.

Article 21-1

If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend.

The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment environment, needs for capital, domestic and

overseas competition, capital budgeting plans, etc., to come out with a proposal that strike a balance among shareholders' benefits and the Company's long-term financial plans. Each year the Board of Directors shall prepare a profit distribution proposal and report it at the shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the whole of distributable profits for the year; dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 20% of total dividends to shareholders.

Article 22

For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act of the Republic of China.

Article 23

These Articles of Incorporation were resolved on July 21, 2011. The first amendment was made on November 8, 2011, the second amendment was made on May 4, 2012, the third amendment was made on June 21, 2012, the fourth amendment was made on June 4, 2014, the fifth amendment was made on June 23, 2015, the sixth amendment was made on May 27, 2016, the seventh amendment was made on June 6, 2019, the eighth amendment was made on August 20, 2021, the ninth amendment was made on May 27, 2022.

Appendix 2. Rules Governing the Procedures for Shareholders Meetings

(Note: This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the original language.)

- 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. The Shareholders' meeting should follow this procedures, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- 2 Convening shareholders meetings
 - 2.1 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. Any change in the manner of holding the meeting shall be resolved by the board of directors at the latest before delivering of the notice of the shareholders' meeting.
 - 2.2 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.
 - 2.3 The Corporation 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 or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, this Corporation 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 this Corporation and the professional shareholder services agent designated thereby. As the Corporate 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.
 - 2.3.1 For physical shareholders meetings, to be distributed on-site at the meeting.
 - 2.3.2 For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 - 2.3.3 For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.
 - 2.4 Election or dismissal of directors , amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with This Corporation by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of this Corporation Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting, and shall not be raised as extraordinary motion.
 - 2.4.1 Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the

re-election in said meeting, such inauguration date shall not be altered by any extraordinary motion or any way in said meeting.

- 2.5 A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of this Corporation Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging this Corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of this Corporation Act, and no proposal containing more than one item will be included in the meeting agenda.
 - 2.6 Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically,, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days
 - 2.7 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.
 - 2.8 Prior to the date for issuance of notice of a shareholders meeting, this Corporation 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.
 - 2.9 After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or online or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 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.
- 3 The venue for a shareholders meeting shall be the premises of this Corporation, 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. When the Corporation 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.
 - 4 The meeting notice shall specify the content as followings:
 - 4.1 The Company shall specify its shareholders meeting notices, including the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters. 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. To convene a virtual shareholders meeting, this Corporation 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:

- 4.1.1 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.
- 4.1.2 Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
- 4.1.3 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.
- 4.1.4 Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
- 4.2 The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. 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.
- 4.3 Shareholders , their proxies and solicitors (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation 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.
- 4.4 This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- 4.5 The Corporation 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 or supervisors, pre-printed ballots shall also be furnished. In the event of a virtual shareholders meeting, the Corporation shall upload the aforementioned documents to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
- 4.6 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.
- 4.7 In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Corporation two days before the meeting date.
- 4.8 When the Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 4.7 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.

- 5 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 there is no vice chairperson or 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 managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
 - 5.1 When a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of This Corporation. The same shall be true for a representative of a juristic person director that serves as chair.
 - 5.2 It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
 - 5.3 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.
 - 5.4 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- 6 Attend and Proxy
 - 6.1 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
 - 6.2 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 this Corporation before five 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.
- 7 The Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one 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 Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, 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 shall be properly kept by this Corporation 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 Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
- 8 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

- 9 The chair shall call the meeting to order at the appointed meeting time. 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 one 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, this Corporation 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 This Corporation Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with paragraph 4.7.
- 10 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.
- 11 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
 - 11.1 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.
 - 11.2 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.
 - 11.3 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 schedule sufficient time for voting.
- 12 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.
 - 12.1 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.
 - 12.2 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.
 - 12.3 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.
 - 12.4 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.

- 12.5 出 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 12.6 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 12.1 to 12.5 do not apply.
- 13 Calculation of voting shares and recusal system
- 13.1 Voting at a shareholders meeting shall be calculated based the number of shares.
- 13.2 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.
- 13.3 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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- 13.4 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.
- 13.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- 14 Vote on the Motion
- 14.1 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.
- 14.2 When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.
- 14.3 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. If 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. 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.
- 14.4 Resolutions of a shareholders shall be approved by a majority of the votes of the shareholders present. Except as otherwise provided in the Companies Act and Articles of Incorporation. In the event of a vote, the chairman or his or her designee shall announce the total number of votes of the shareholders present on a case-by-case basis, and then the shareholders shall vote on the motion on a case-by-case

- basis. The results of the shareholders' approval, disapproval and abstention shall be announced through the MOPS. on the day after the shareholders' meeting.
- 14.5 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.
- 14.6 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 this Corporation.
- 14.7 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. In the event of a virtual shareholders meeting, this Corporation 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.
- 14.8 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. 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.
- 15 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. 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.
- 16 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 may be produced and distributed in electronic form. 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 their voting results. The minutes shall be retained for the duration of the existence of this Corporation. This Corporation could distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS as this Corporation is the public 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, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.
- 17 On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares

represented by proxies, 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, this Corporation 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 this Corporation'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.

- 18 As this Corporation be the public company, if matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- 19 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor." At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, 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 the proctors or security personnel to escort the shareholder from the meeting.
- 20 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 five days in accordance with Article 182 of the Company Act.
- 21 Handling of technical issues related to virtual shareholders meeting
 - 21.1 In the event of a virtual shareholders meeting, the Corporation 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.
 - 21.2 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.
 - 21.3 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.
 - 21.4 For a meeting to be postponed or resumed under the 21.2, 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.

- 21.5 During a postponed or resumed session of a shareholders meeting held under the 21.2, 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.
 - 21.6 When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in 21.2, 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.
 - 21.7 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.
 - 21.8 When postponing or resuming a meeting according to the 21.2, this Corporation 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.
 - 21.9 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, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph
- 22 These procedures shall be effective upon adoption by the shareholders' meeting and shall be amended in the same manner.

Appendix 3. Procedures for the Election of the Directors

(Note: This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the original language.)

1 Purpose

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

2 Scope

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

3 The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

3.1 More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

3.2 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

3.2.1 Basic requirements and values: Gender, age, nationality, and culture.

3.2.2 Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

3.3 Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

3.3.1 The ability to make judgments about operations.

3.3.2 Accounting and financial analysis ability.

3.3.3 Business management ability.

3.3.4 Crisis management ability.

3.3.5 Knowledge of the industry.

3.3.6 An international market perspective.

3.3.7 Leadership ability.

3.3.8 Decision-making ability.

4 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

5 The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

6 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- 7 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- 8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- 9 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- 11 If the elector is a shareholder, the elector shall state the name of the candidate and the shareholder's account number in the elector column; if the elector is not a shareholder, he/she shall state the name of the candidate and the identity document number. However, if the government or a corporate shareholder is the candidate, the name of the government or corporate shall be listed in the Elected Name column of the ballot, and the name of the government or corporate and the name of its representative may also be listed; if there are several representatives, the names of the representatives shall be added separately.
- 12 A ballot is invalid under any of the following circumstances:
 - 12.1 The ballot was not prepared by a person with the right to convene.
 - 12.2 A blank ballot is placed in the ballot box.
 - 12.3 The writing is unclear and indecipherable or has been altered.
 - 12.4 The name of the candidate is a shareholder, the account name or shareholder number of the elected person does not match the register of shareholders. ; The name and identification number of the candidate do not correspond to the identity of the shareholder, the name and identification number of the candidate shall be checked.
 - 12.5 Other words or marks are entered in addition to the number of voting rights allotted.
 - 12.6 The name of the candidate is the same as that of other shareholders without the shareholder's account number or identification number for identification purposes.
- 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. 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.
- 14 The board of directors of this Corporation shall issue notifications to the persons elected as directors.
- 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting

Appendix 4. Shareholdings of All Directors

1. Total share issued as of 2023/03/31: 161,853,246 shares.
2. The Company satisfies the minimum shareholding requirements for directors, that is 12,948,259 shares, under the Securities and Exchange Act. Also, the Company has established the audit committee, the minimum shareholding requirements for supervisors do not apply.

Title	Name	Current Shareholding (Shares)	Current Shareholding (%)
Chairman	Chen, Wen-Liang	61,358	0.04%
Director	Hung, Chih-Hsun (Representative of Shanyi Invest. Co., Ltd.)	26,706,668	16.50%
Director	Hsieh, Ming-Lin (Representative of Lishun Invest. Co., Ltd.)	127,854	0.08%
Independent Director	Wang, Hsuan	0	0%
Independent Director	Sun, Elizabeth	0	0%
Independent Director	Yeh, Jui-Pin	0	0%
Independent Director	Liu, Frank	0	0%
Total		26,895,880	16.62%