

# 2021 Annual Shareholders' Meeting

## Meeting Handbook

*Notice to readers*

*This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

Time: June 18, 2021

Venue: No. 31, Gongye 2nd Rd., Annan Dist., Tainan City  
(Southern Taiwan Innovation & Research Park, Ministry  
of Economic Affairs)

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## Procedure for 2021 Annual Shareholders' Meeting

- I. Report the Number of Shares Represented at the Meeting
- II. Call the Meeting to Order
- III. Chairperson Remarks
- IV. Announcements
- V. Proposals
- VI. Discussions
- VII. Extempore Motions
- VIII. Adjournment

## **Agenda for 2021 Annual Shareholders' Meeting**

**Time: 2 p.m., June 18, 2021 (Friday)**

**Venue: No. 31, Gongye 2nd Rd., Annan Dist., Tainan City (Southern Taiwan Innovation & Research Park, Ministry of Economic Affairs)**

**I. Report the Number of Shares Represented at the Meeting**

**II. Call the Meeting to Order**

**III. Chairperson Remarks**

**IV. Announcements**

- (I) Business Report for 2020
- (II) Audit Committee's Financial Statement Review Report for 2020
- (III) Distribution of Employee and Directors' Remuneration for 2020
- (IV) Amendments to the Company's Code of Ethical Conduct

**V. Proposals**

- (I) Adoption of Business Report and Financial Statements for 2020
- (II) Adoption of Earnings Distribution Proposal for 2020

**VI. Discussions**

- (I) Amendments to the Company's Articles of Incorporation
- (II) Discuss the issue of new restricted stocks for employees.
- (III) Amendments to the Company's Procedures for Election of Directors
- (IV) Amendments to the Company's Rules of Procedure for Shareholders' Meetings
- (V) Lifting of Non-compete Clause Against Members of the 8th Board of Directors

**VII. Extempore Motions**

**VIII. Adjournment**

## Announcements

(I) Business Report for 2020

Description: Kindly refer to Attachment 1 (Page 12-18) for the Business Report for 2020.

(II) Audit Committee's Financial Statement Review Report for 2020

Description: Kindly refer to Attachment 2 (Page 19-20) for the Audit Committee's Review Report.

(III) Distribution of Employee and Directors' Remuneration for 2020

Description:

1. According to Article 20 of the Company's Articles of Incorporation, the Company shall set aside no less than two percent of its profit as employee remuneration and no greater than five percent of its profit as directors' remuneration if the Company records a profit in a particular year. However, the Company shall reserve a portion of its profit to make up for losses if the Company still records accumulated loss.
2. In accordance to the meeting minutes recorded at the 8th term, 7th Board of Directors Meeting, 3% of profit before tax, which accounts for NT\$ 34,949,761, shall be allocated as employee remuneration.
3. In accordance to the meeting minutes recorded at the 4th term, 4th Remuneration Committee and the 8th term, 7th Board of Directors Meeting, 2.1% of profit before tax, which accounts for NT\$ 24,464,833, shall be allocated as director remuneration.
4. The aforesaid employee and directors' remuneration shall be distributed in the form of cash.

(IV) Amendments to the Company's Code of Ethical Conduct

Description:

1. The Company proposes to amend the relevant articles of the Code of Ethical Conduct in accordance with amendments to the Guidelines for the Adoption of Code of Ethical Conduct for TWSE/TPEX Listed Companies stipulated in Letter Cheng-Kuei-Chien-Tzu No. 10900582662 dated June 12, 2020 issued by Taipei Exchange.
2. Kindly refer to Attachment 4 (Page 44-45) for the comparison table for the Code of Ethical Conduct before and after amendment.

## Proposals

Item 1: Adoption of Business Report and Financial Statements for 2020 (Proposed by the Board of Directors)

Description:

1. The Company's business report, parent company only financial statements and consolidated financial statements for the year ended December 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors. The abovementioned financial statements have also been audited and attested by CPAs Tzu-Yu Lin and Yung-Chih Lin from PwC Taiwan.
2. Kindly refer to Attachments 1 and 3 (Page 12-18 and Page 21-43) for the aforesaid business report and financial statements.

Resolution:

Item 2: Adoption of Earnings Distribution Proposal for 2020 (Proposed by the Board of Directors)

Description:

1. According to the Company Act and Articles of Incorporation of the Company, the Company's Earnings Distribution for Year 2020 is specified below:

Solar Applied Materials Technology Corporation

Earnings Distribution Table of Year 2020

Unit : NT dollars

Accounting Title	Amount
Unappropriated retained earnings at beginning of year	\$ 681,209,906
Less : Other comprehensive income – Re-measurements of the defined benefit liabilities	(3,130,693)
Less : Retained earnings of investments adjustment by using the equity method	(1,896,718)
Unappropriated retained earnings after adjustment	676,182,495
Profit after tax	843,371,061
10% Legal reserve	(83,834,365)
Special capital reserve by reversal	22,602,019
Distributable earnings	1,458,321,210
Items for distribution:	
Shareholders' dividends-Cash (591,931,243 shares*NT\$ 1.2 per share)	710,317,492
Unappropriated retained earnings at end of year	\$ 748,003,718

2. Early in the Year of 2020, after the unappropriated retained earnings plus or minus adjustments, plus profit after tax, minus 10% legal reserve and plus special capital reserve by reversal, there is still distributable earnings for year 2020. This year, it is planned that cash dividends equal to NT\$ 1.2 per share be issued. The Company has issued 591,931,243 outstanding shares of common stock as of May 7th, 2021. It is expected that the total amount of cash dividends will reach NT\$ 710,317,492.
3. The Chairman is authorized to set the ex-dividend date and payable date for cash dividends and other related matters after the proposal is approved at the annual shareholders' meeting.

Resolution:

## Discussions

Item 1: Amendments to the Company's Articles of Incorporation (Proposed by the Board of Directors)

Description:

1. The Company proposes to amend the Articles of Incorporation in line with its long-term operations plan.
2. Kindly refer to Attachment 5 (Page 46-47) for the comparison table for the Articles of Incorporation before and after amendment.

Resolution:

Item 2: Discuss the issue of new restricted stocks for employees. (Proposed by the Board of Directors)

Description:

1. Proposal to issue 6,000,000 new restricted stocks for employees in accordance with Paragraph 9, Article 267 of the Company Act and Regulations Governing the Offering and Issuance of Securities by Securities Issuers (with a par value of NT\$10 per share), which accounts for 1.01% of the total number of issued shares, and are to be delivered to the receiving employees as newly issued shares.
2. The amount and terms of this issuance of new restricted stocks for employees are as follow:
  - (1) The amount of issuance: 6,000,000 common shares with a par value of NT\$10 per share for a total of NT\$ 60 million.
  - (2) Terms of issuance:
    - I. The price of issuance: Paid issuance, and the issue price is expected to be NT\$10 per share.
    - II. Entitlement vested: Individual employee's performance needs to be met as follow.
      - A. In the case where the term of employment continues for a full year after subscribing to new restricted stock for an employee, the performance appraisal for the employee in the first year is better than B+, the employee does not violate any laws and regulations, rules of this company, employment agreement or other related rules and agreements in the first year, the employee will be vested for 25% of the shares.
      - B. In the case where the term of employment continues for two full years after subscribing to new restricted stock for an employee, the performance appraisal for the employee in the second year is better than B+, the employee does not violate any laws and regulations, rules



of this company, employment agreement or other related rules and agreements in the second year, the employee will be vested for 25% of the shares.

C. In the case where the term of employment continues for three full years after subscribing to new restricted stock for an employee, the performance appraisal for the employee in the first year is better than B+, the employee does not violate any laws and regulations, rules of this company, employment agreement or other related rules and agreements in the third year, the employee will be vested for 25% of the shares.

D. In the case where the term of employment continues for four full years after subscribing to new restricted stock for an employee, the performance appraisal for the employee in the first year is better than B+, the employee does not violate any laws and regulations, rules of this company, employment agreement or other related rules and agreements in the fourth year, the employee will be vested for 25% of the shares.

- (3) Employee qualifications and the number of shares allocated or may be subscribed: Only those who are formally employed to a full-time position at this company or its subsidiaries, which are 100% owned by this company are entitled to subscribe the new restricted stocks on the day when the issuance of such new restricted stocks are granted. The specific employees that are eligible for subscriptions and the number of shares that may be subscribed will consider factors such as seniority, title, performance, overall contribution, special achievement, or other managerial requirements and submitted to the board for approval after being approved by the chairman of the board. However, approval of the remuneration committee shall be obtained for managers or directors with employee status.
- (4) The necessity of this issuance of new restricted stock for employees: To motivate employees, reinforce their loyalty towards the company, attract and retain talents.
- (5) The possible expensing amount, dilution of the company's earnings per share, and other issues affecting shareholders' interests: In the case where the closing price is similar to that of this company's common stock on April 28th, 2021, NT\$57 and all employees are qualified, the expensing amount from the first year to the fourth year since issuance date is estimated to be NT\$ 146,875 thousand, NT\$ 76,375 thousand, NT\$ 41,125

thousand and NT\$ 17,625 thousand, and the dilution of the company's earnings per share is estimated to be a NT\$ 0.25 decrease for the first year, NT\$ 0.13 for the second year, NT\$ 0.07 for the third year, and NT\$ 0.03 for the fourth year respectively, which have no significant impact on shareholders' interests.

- (6) This proposal awaits the approval of the shareholders' meeting to increase the capital of this company in the Articles of Incorporation and its assessment that the requirements for issuing new restricted stocks for employees set by the competent authorities are met, then the proposal will be reported to the competent authorities. In the case where changes are needed due to changes in laws or regulations or by requests of the competent authorities, the chairman of the board is granted full authority to handle all relevant matters.
3. Upon discussion and approval at the shareholders' meeting and effective registration with the competent authority, it is planned that the Chairman be authorized to set the issue date separately.

Resolution:

Item 3: Amendments to the Company's Procedures for Election of Directors (Proposed by the Board of Directors)

Description:

1. The Company proposes to amend the relevant articles of the Procedures for Election of Directors in accordance with amendments to the Sample Template for XXX Co., Ltd. Procedures for Election of Directors (currently titled "Rules for Election of Directors") stipulated in Letter Cheng-Kuei-Chien-Tzu No. 10900582662 dated June 12, 2020 issued by Taipei Exchange.
2. Kindly refer to Attachment 6 (Page 48-53) for the comparison table for the Procedures for Election of Directors before and after amendment.

Resolution:

Item 4: Amendments to the Company's Rules of Procedure for Shareholders' Meetings (Proposed by the Board of Directors)

Description:

1. The Company proposes to amend the relevant articles of the Rules of Procedure for Shareholders' Meetings in accordance with amendments to the Sample Template for XXX Co., Ltd. Procedures for Election of Directors for TWSE/TPEX Listed Companies stipulated in Letter Cheng-Kuei-Chien-Tzu No. 11000519042 dated February 9, 2021 issued by Taipei Exchange.

2. Kindly refer to Attachment 7 (Page 54-56) for the comparison table for the Rules of Procedure for Shareholders' Meetings before and after amendment.

Resolution:

Item 5: Lifting of Non-compete Clause Against Members of the 8th Board of Directors (Proposed by the Board of Directors)

Description:

1. According to Article 209, Paragraph 1 of the Company Act, "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
2. The Company proposes that the shareholders' meeting approve lifting the non-compete clause against directors elected in the 2019 Annual Shareholders' Meeting and their representatives, provided that Company's interests are not undermined by any conduct pursuant to Article 209 of the Company Act due to the directors' concurrent positions elsewhere. Kindly refer to Attachment 8 (Page 57) for the list of directors involved and the content of this proposal.

Resolution:

## **Extempore Motions**

## **Adjournment**



## Business Report for 2020

Dear shareholders,

First of all, we would like to express our most sincere gratitude to our shareholders for your support and trust in Solar Applied Materials Technology Corporation (SOLAR).

2020 has been a year of gratitude and appreciation for SOLAR as we completed the signing of a five-year syndicated loan NT\$10.8 billion with 12 banks, including Chang Hwa Bank and Taiwan Cooperative Bank on June 23, 2020. The end of debt negotiation marks SOLAR's return to normal operations and serves as an important step to complete our "return to glory." With the removal of bad credit after ending debt negotiation, we have experienced an uptick in orders from important companies at home and abroad while having been able to engage in external investments and capture niche markets at the same time. SOLAR has been able to weather this storm in just four years mainly through organizational reform, business transformation, technology upgrading, and institutional adjustment. There are lots of people to thank during the process. We would like to express our most sincere gratitude to our shareholders for their support, our customers for their recognition, banks for their trust in us, and our colleagues for standing by us, in order to make the signing of this syndicated loan a reality.

However, the COVID-19 pandemic in 2020 led to a 4.2% fall in global GDP and a significant drop in sales revenue among a host of industries. Fortunately, SOLAR was not affected by any single industry, thanks to our engagement in a wide variety of industries. In addition, our core industries, including data storage, semiconductors, and displays, benefited from the stay-at-home economy and growth in demand for 5G and cloud computing, thus demonstrating a steady performance on the whole. Upholding the belief of "focusing on our core businesses, engaging in continuous advancement, stabilizing profits, and giving back to shareholders," SOLAR has set "strengthening capabilities, enhancing efficiency, and penetrating into blue ocean" as the focus of our operations in 2020: (1) Strengthening capabilities: We aim to strengthen our large-scale engineering and quantization capabilities to advance the quantization and production of high-end sputtering targets; (2) Enhancing efficiency: We aim to strengthen high-quality human resources and engage in lean operations and processes to enhance the efficiency of operations management; (3) Penetrating into blue ocean: We focus on the development of advanced materials and manufacturing processes in combination of our technologies and resources to expand into high-value markets. As a whole, we aim to improve our profitability and actively engage in transformation based on the focus of our operations.

Looking back on 2020, SOLAR has successively obtained certifications for new technologies and products in the data storage, display panels, and semiconductor industries. In the future, we will focus our attention on the development of high-end sputtering target applications and the implementation of circular economy, in order to build and enhance our global competitiveness in the

industry. On the other hand, SOLAR has also voluntarily published our first ever Corporate Social Responsibility (CSR) Report as we look not only to build growth momentum in our core businesses, but also continuously develop green manufacturing and practice circular economy, thereby injecting positive energy into society and the environment, fulfilling our responsibilities as a corporate citizen, and pursuing the common good through sustainability. We hope to present our achievements in CSR over the past 40 years since our founding and actively respond to shareholders' expectations of our implementation of ESG through our CSR report.

Upon revisiting the past and looking forward to the future, SOLAR will be mindful of its historical experience and internalize it to drive operational momentum and effectiveness, so as to maximize customers' and shareholders' value, thereby leading SOLAR toward excellence and sustainable development. Moving into 2021, we remain confident of continuously strengthening our growth momentum despite numerous market uncertainties arising from the COVID-19 pandemic, so as to give back to our shareholders and thank them for their long-term support.

## I. Business Performance in the First Half of 2020

### (I) Achievements in the Implementation of Business Plan

The Company recorded a net operating revenue of NT\$26.665 billion in 2020, an 21.28% increase from 2019, as well as a consolidated net profit after tax of NT\$884 million and an earnings per share after tax of NT\$1.69 in 2020.

### (II) Status of Budget Implementation

The Company did not publicly disclose any financial forecast for 2020.

### (III) Income and Expenses and Profitability Analysis

#### 1. Income and Expenditure

Unit: NT\$ thousands; %

Item	2020	2019	Change	%
Interest income	6,855	11,489	(4,634)	(40.33)
Interest expense	255,403	319,670	(64,267)	(20.10)

#### 2. Profitability Analysis

Unit: NT\$ thousands; %

Item	2020	2019
Return on assets (%)	5.12	6.41
Return on shareholders' equity (%)	10.71	16.12
Ratio of income before tax to paid-in capital (%)	22.97	25.03
Net profit margin (%)	3.31	4.83
Earnings per share after tax (NT\$)	1.69	2.35

#### (IV) Research and Development

##### 1. Expenditures and Achievements in Research and Development (R&D) at the Company for the Past Two Years

Unit: NT\$ thousands; %

Item	Year	2020	2019
	R&D expenditure		383,500
Net operating revenue		26,665,367	21,986,662
Ratio (%)		1.44	1.38

##### 2. Achievements in Technology R&D:

As a leader in precious/rare metal materials, SOLAR focuses our development efforts on three major industries, namely data storage, display, and semiconductor. While developing sputtering and evaporation materials for thin films required in these three industries, we not only serve as a stable supplier for customers, but also actively develop new materials in collaboration with market leaders, so as to expand into new application markets. Our key achievements are featured as follows:

###### (1) Data Storage Industry:

- Perpendicular magnetic recording (PMR): We have enhanced the anti-ultrafine particle contamination effect of sputtering targets for hard disk drives through the introduction of advanced alloy mixing and new sintering and bonding technologies, thereby successfully obtaining certifications for new metals for magnetic recording and high-oxidation metal-doped composite cermet targets and putting them into mass production.
- Next-generation materials for heat-assisted magnetic recording (HAMR): While working closely with customers to develop new alloy simultaneously, we have made key progress in microstructure control and obtained opportunities for small batch production involving various types of alloys, thereby laying the roadmap for the development of future technologies and products and maintaining our position as a global leader in the industry.
- We have applied existing core technologies, component design, and molding technology to magnetoresistive random-access memory (MRAM), a type of non-volatile RAM, and memory sensing components, with a view to expanding into new markets in the future.

###### (2) Display Industry:

- We have developed a semi-automatic rotary target bonding technology to reduce bonding defects and improve the bonding rate of targets and the heat dissipation effect of bonding layer, so as to prevent industrial safety hazards caused by high-temperature operations to personnel.

- We have developed an indium tin oxide (ITO) rotary target surface cleaning technology to minimize contamination on target surface, reduce abnormalities (e.g., arcing and nodule) in the sputtering process, thereby increasing the yield of customers' products and enhancing the quality of transparent conductive film coatings.
- We have developed an indium gallium zinc oxide (IGZO) target manufacturing process technology, which has successfully passed verification conducted by major equipment manufacturers for use in next-generation high-resolution panels.
- We have developed flexible optical films with customers for use in bendable and foldable display products.

(3) Semiconductor Industry:

- We have developed ultra-high-purity sputtering target and precision heat engine manufacturing process technologies to manufacture high-end large-size (18") semiconductor targets on our own.
- We have developed semiconductor equipment components, packaging wires, and test probe wires using precious/rare metals to provide customers in the semiconductor sector with a complete set of services, thus forming a circular economy structure for the semiconductor industry.

(4) Precious/Rare Metal Recovery and Refining Technologies:

While focusing on circular economy involving eight major types of precious/rare metals, including gold, silver, platinum, palladium, ruthenium, indium, gallium, and tantalum, we have also developed copper recovery and refining technologies and applications, so as to maintain our position as a leader in the precious/rare metal recovery and refining sector. In addition, we continue with our development efforts in the following areas:

- High-melting point metal recovery and refining technologies.
- Efficiency enhancement in scrap metal and sludge recovery and refining technologies involving eight major types of precious/rare metals.
- Full circular economy business model for scrap gold from electronic waste.

3. Future Research and Development Plans

In order to implement core values, including "environmental protection," "value creation," and "sustainable development," SOLAR continues to develop precious/rare metal recovery and refining technologies, expand the types of elements and waste recovered, and enhance purity in the refining process under a full circular economy model involving precious/rare metals. In addition, we strengthen our material technology and develop a wide range of product applications to establish a more comprehensive product expansion plan, thereby enhancing our competitiveness in the industry.

In the future, SOLAR will not only continue to focus our R&D efforts on applications in three major industries, namely data storage, display, and semiconductor, through the development of new data storage materials, new optical materials, and high-end semiconductor materials, but also initiate new business development plans by expanding into biomedical and new energy sectors.

## II. Overview of Business Plan for 2021

### (I) Business Directions

1. 2018 is the Year of Stability: Stabilizing profits and giving back to shareholders.
2. 2019 is the Year of Improvement: Making improvements and creating value.
3. 2020 is the Year of Upgrade: Strengthening capabilities, enhancing efficiency, and penetrating into blue ocean.
4. 2021 is the Year of Metamorphosis: Staying focused, engaging in transformation, and becoming a small giant.
  - (1) Staying focused: We aim to focus on the development of high-resolution, high-purity, and high-end manufacturing process technologies and products.
  - (2) Engaging in transformation: We aim to comprehensively enhance operational efficiency and actively engage in transformation.
  - (3) Becoming a small giant: We aim to foster product applications with high growth potential and speed up the growth momentum of the Group.

### (II) Expected Sales Volume and Its Basis

As the main manufacturer in the global precious/rare metal industry which engages in materials processing in the circular economy, SOLAR is cautiously optimistic about our expected sales volume due to numerous uncertainties in global economic recovery as the impact of the COVID-19 pandemic and the US-China trade war lingers on in 2021.

### (III) Important Production and Sales Policies

1. Focus on our core businesses: Create a functional material platform for precious/rare metals.
  - (1) Eradicate non-hedging derivative trading.
  - (2) Expand into precision machinery and biomedical sectors (3D printing).
  - (3) Strengthen foothold in the recovery industry and move toward a circular society.
2. Lean operations: Go lean on material turnover and use of resources.
  - (1) Reduce working capital and risks by promoting the leasing model and processing of imported materials.
  - (2) Reduce raw materials inventory to increase inventory turnover.
  - (3) Optimize work processes to enhance operational efficiency.
3. Value creation: Expand into new applications and new markets with existing technologies.
  - (1) Apply existing molding technologies to the development of new materials.
  - (2) Expand into new markets with existing products.
  - (3) Extend the circular value chain with existing recovery technologies.
4. Corporate governance: Carry out internal control and talent cultivation.
  - (1) Implement decentralization of authority and division of responsibilities.
  - (2) Engage in corporate group-based operations and realize synergies.
  - (3) Nurture talents and engage in sustainable management.



### III. Future Development Strategies

SOLAR's vision is to build a technology-, service-, and solution-oriented company in combination with materials technology and circular economy based on the foundation of "justice, common good, and sustainability." On the other hand, SOLAR's mission is to build a fully circular material application platform and become a leading manufacturer in the world, thereby creating value for customers, achieving employee realization, generating profits for shareholders, and engaging in sustainable development. Looking forward, SOLAR will successively obtain certifications for new technologies and new products in the hard disk drive, panel, and semiconductor industries, as well as realize a full circular economy and inside chamber total solution business model in combination with pyrometallurgical and hydrometallurgical recovery and refining technologies and scale involving precious/rare metals. SOLAR's operational goal in the next five years is to become a leading precious/rare metal brand in the Greater China region through the implementation of the following strategies developed:

1. Become asset light - Dispose of idle assets to enhance financial performance.
2. Gather talents - Implement succession planning to develop high-quality human resources.
3. Deepen technologies - Enhance core competitiveness and key technology development.
4. Build a sound system - Build a sound corporate group-based business management system and corporate governance structure.
5. Focus on the Greater China region - Expand into the Greater China region and strengthen foothold in niche markets.
6. Build our brand - Maintain SOLAR's position in material applications and the circular economy.
7. Strengthen product lines - Focus on high-value products and make significant breakthroughs.

### IV. Effects of Competitive, Legal, and Macroeconomic Environments

#### (I) SOLAR's Overall Competitive Advantage:

1. SOLAR is the only company in Taiwan that has successfully obtained international certifications from the London Bullion Market Association (LBMA) and the London Platinum and Palladium Market (LPPM) in the UK, with a record of continuous physical delivery.
2. SOLAR is equipped with a Taiwan Accreditation Foundation (TAF)-accredited testing laboratory, which is also accredited by the London Stock Exchange and the American Society for Testing and Materials (ASTM).
3. SOLAR owns the largest gold, silver, and platinum refining capacities in Taiwan and is also capable of refining precious metal waste and ingots.
4. SOLAR has successfully achieved the UL2809 Recycled Content Validation through manufacturing from 100% recycled materials, thus enabling the implementation of circular economy with green products.

5. SOLAR is the main global manufacturer of precious/rare metals in the circular economy which offers products and services to a wide range of industries, including data storage, optical disks, semiconductors, flat panel displays, LEDs, solar power, quartz oscillators, printed circuit boards, and conductor brackets.

(II) Changes in important policies and laws at home and abroad in the most recent year have no material impact on our financial operations.

In the future, we will obtain the relevant information at any time and develop the necessary response measures in real time to meet our operational needs.

(III) With continuous growth in demand for existing products and the development of new technologies and products in the macroeconomic environment, we will continue to promote high value-added products, implement strategic expansion, and refine improvement actions in 2021.

Last but not least, the management team at SOLAR would like to reassure all our shareholders that we will work together as one and focus on our core businesses and value innovation based on the principles of integrity, honesty, and corporate governance, in order to maximize shareholders' interests.

We wish all our shareholders  
good health and good fortune.

Solar Applied Materials Technology Corp.  
Chairman    Chien-Yung Ma

## Audit Committee's Review Report

The Board of Directors has prepared the Company's business report and financial statements for 2020, of which the financial statements have been audited by CPAs Tzu-Yu Lin and Yung-Chih Lin from PwC Taiwan. A review report has also been issued by the CPAs. The abovementioned business report and financial statements have been reviewed by the Audit Committee, which found no irregularities therein. Therefore, this report is hereby submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Solar Applied Materials Technology Corp. 2021 Annual Shareholders' Meeting

Solar Applied Materials Technology Corp.

Convener of the Audit Committee: Chang-Po Wu

March 5, 2021

# Audit Committee's Review Report

The Board of Directors has prepared the Company's earnings distribution proposal for 2020. The proposal has been reviewed by the Audit Committee, which found no irregularities therein. Therefore, this report is hereby submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Solar Applied Materials Technology Corp. 2021 Annual Shareholders' Meeting

Solar Applied Materials Technology Corp.

Convener of the Audit Committee: Chang-Po Wu

May 7, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Solar Applied Material Technology Corp.

***Opinion***

We have audited the accompanying parent company only balance sheets of Solar Applied Material Technology Corp. (the “Company”) as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

***Basis for opinion***

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

***Key audit matters***

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

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

## **Evaluation of inventories**

### Description

Refer to Note 4(8) for accounting policy on inventory valuation, Note 5 for accounting judgements, estimates and key sources of assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventory. As of December 31, 2020, inventory and allowance for valuation losses are \$6,397,100 thousand and \$162,939 thousand, respectively.

The Company is primarily engaged in manufacturing, processing, recycling, refining and trading of sputtering targets for thin film, precious metal materials and specialty chemicals for automobiles. Since most of the Company's inventories are precious metal materials whose value is easily affected by the variations in market prices, and the calculation of net realisable value usually involves subjective judgment and a high degree of estimation uncertainty, we identified the evaluation of inventories as a key audit matter.

### How our audit addressed the matter

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

1. Inspected whether the Company's inventories have been assessed based on the Company's accounting policies, and evaluated the reasonableness of the provision policies and procedures on allowance for inventory valuation losses.
2. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the consistency of the classification of obsolete inventory and internal controls over obsolete inventory.
3. Checked the adequacy of allowance for inventory valuation losses based on our testing on the reports in relation to the net realisable value.

## **Valuation of derivative financial instruments**

### Description

Refer to Notes 4(5) (20) and (23) for accounting policy on valuation of derivative financial instruments and Note 6(2) for details of financial assets and liabilities at fair value through profit or loss. As of December 31, 2020, liabilities arising from derivative instruments measured at fair value amounted to \$96,526 thousand. For the year ended December 31, 2020, the Company recognised net loss on derivative instruments amounting to \$292,955 thousand.

The Company entered into derivative instruments in order to hedge significant variations in the prices of precious metal materials (gold, silver, platinum and palladium gold). However, these transactions are not accounted for under hedge accounting. As the derivative instrument transactions involve high market price risk and the price variation is material to the Company's financial statements, we identified the valuation of derivative financial instruments as a key audit matter.

### How our audit addressed the matter

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

1. Obtained derivative instruments transaction summary and written documents, including the minutes of Board of Directors' meeting and announcements issued based on regulations, and interviewed executives who were authorised to transact derivative instruments in order to understand the Company's transactions on derivative instruments.
2. Sampled and inspected the documents related to the derivative instrument transactions created or settled in the current period, and checked whether the transactions and calculation of profit and loss are both correct.
3. Performed confirmation with financial institutions, futures commission merchant and major counterparties which had business with the Company and obtained statements in order to confirm the completeness of derivative instrument transactions.
4. Obtained the derivative instrument fair value information as an assessment basis on derivative instruments.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 5, 2021

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

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

**SOLAR APPLIED MATERIAL TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)(16)	\$ 1,295,250	7	\$ 1,325	-
1136	Financial assets at amortised cost - current	6(2)(3)(16) and 8	733,725	4	2,384,607	12
1150	Notes receivable, net	6(4) and 12	14,797	-	7,006	-
1170	Accounts receivable, net	6(4) and 12	1,040,506	5	947,423	5
1180	Accounts receivable due from related parties, net	6(4) and 7	75,558	-	128,579	-
1200	Other receivables	6(15) and 7	48,702	-	152,035	1
130X	Inventory	5 and 6(5)	6,234,161	32	6,219,522	31
1410	Prepayments		75,496	-	34,147	-
11XX	<b>Total current assets</b>		<u>9,518,195</u>	<u>48</u>	<u>9,874,644</u>	<u>49</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	97,605	1	111,926	1
1535	Financial assets at amortised cost - non-current	6(3) and 8	26,623	-	17,530	-
1550	Investments accounted for using equity method	6(7)	3,310,130	17	3,027,655	15
1600	Property, plant and equipment	6(8)(9)(11)(13), 7 and 8	5,901,896	30	6,023,086	30
1755	Right-of-use assets	6(8)(9)	84,758	-	99,675	1
1760	Investment property, net	6(8)(11)(13) and 8	432,723	2	435,005	2
1780	Intangible assets	6(12) and 7	7,812	-	7,426	-
1840	Deferred income tax assets	6(31)	292,119	2	444,863	2
1915	Prepayments for business facilities	6(8)	33,924	-	6,747	-
1920	Guarantee deposits paid	6(9)	28,361	-	28,486	-
1930	Long-term notes and accounts receivable		9,258	-	-	-
1990	Other non-current assets		8,130	-	-	-
15XX	<b>Total non-current assets</b>		<u>10,233,339</u>	<u>52</u>	<u>10,202,399</u>	<u>51</u>
1XXX	<b>Total assets</b>		<u>\$ 19,751,534</u>	<u>100</u>	<u>\$ 20,077,043</u>	<u>100</u>

(Continued)

**SOLAR APPLIED MATERIAL TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(14)(16) and 8	\$ -	-	\$ 2,769,643	14
2120	Financial liabilities at fair value through profit or loss - current	6(2)	96,526	-	109,408	-
2130	Current contract liabilities	6(24)	3,002	-	12,047	-
2150	Notes payable	6(15)	54,000	-	120,000	1
2170	Accounts payable		122,742	1	171,775	1
2180	Accounts payable to related parties	7	104,817	1	18,478	-
2200	Other payables	7	622,931	3	634,244	3
2230	Current income tax liabilities	6(31)	14,481	-	6,764	-
2280	Current lease liabilities	6(9)	26,517	-	23,194	-
2310	Advance receipts		9,298	-	18,678	-
2320	Long-term liabilities, current portion	6(16) and 8	391,827	2	7,571,233	38
21XX	<b>Total current liabilities</b>		<u>1,446,141</u>	<u>7</u>	<u>11,455,464</u>	<u>57</u>
	<b>Non-current liabilities</b>					
2540	Long-term borrowings	6(16) and 8	9,726,339	49	420,000	2
2570	Deferred income tax liabilities	6(31)	211,990	1	173,771	1
2580	Non-current lease liabilities	6(9)	51,631	-	77,555	1
2610	Long-term notes and accounts payable	6(15)	-	-	54,000	-
2630	Long-term deferred revenue	6(17)	34,658	-	36,275	-
2640	Accrued pension liabilities	6(18)	58,917	1	55,795	-
2645	Guarantee deposits received		1,591	-	1,611	-
25XX	<b>Total non-current liabilities</b>		<u>10,085,126</u>	<u>51</u>	<u>819,007</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>11,531,267</u>	<u>58</u>	<u>12,274,471</u>	<u>61</u>
	<b>Equity</b>					
	Share capital					
3110	Common stock	6(19)	4,984,312	25	4,984,312	25
3200	Capital surplus	6(7)(19)(20)(21)	1,539,724	8	1,484,543	7
	Retained earnings					
3310	Legal reserve	6(7)(22)	154,076	1	50,372	-
3320	Special reserve		212,275	1	126,403	1
3350	Unappropriated retained earnings		1,519,554	8	1,369,217	7
3400	Other equity interest	6(6)(7)(23)	(189,674)	(1)	(212,275)	(1)
3XXX	<b>Total equity</b>		<u>8,220,267</u>	<u>42</u>	<u>7,802,572</u>	<u>39</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments					
	Significant Events after the Balance Sheet Date					
3X2X	<b>Total liabilities and equity</b>		<u>\$ 19,751,534</u>	<u>100</u>	<u>\$ 20,077,043</u>	<u>100</u>

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

**SOLAR APPLIED MATERIAL TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

	Items	Notes	Years ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	\$ 11,730,877	100	\$ 9,862,352	100
5000	Operating costs	6(5)(12)(18)(29) (30) and 7	( 9,562,372)	( 81)	( 7,705,806)	( 78)
5900	Net operating margin		<u>2,168,505</u>	<u>19</u>	<u>2,156,546</u>	<u>22</u>
	Operating expenses	6(12)(18)(29)(30), 7 and 12				
6100	Selling expenses		( 129,979)	( 1)	( 131,104)	( 1)
6200	General and administrative expenses		( 618,927)	( 5)	( 687,005)	( 7)
6300	Research and development expenses		( 289,726)	( 3)	( 247,777)	( 3)
6450	Expected credit gain (loss)		12,301	-	13,322	-
6000	Total operating expenses		<u>( 1,026,331)</u>	<u>( 9)</u>	<u>( 1,079,208)</u>	<u>( 11)</u>
6900	Operating profit		<u>1,142,174</u>	<u>10</u>	<u>1,077,338</u>	<u>11</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(25)	1,053	-	3,981	-
7010	Other income	6(10)(11)(15)(26) and 7	100,349	1	244,897	3
7020	Other gains and losses	6(2)(13)(27) and 12	( 204,878)	( 2)	13,295	-
7050	Finance costs	6(8)(9)(28)	( 234,506)	( 2)	( 295,635)	( 3)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	<u>243,136</u>	<u>2</u>	<u>145,946</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>( 94,846)</u>	<u>( 1)</u>	<u>112,484</u>	<u>1</u>
7900	<b>Profit before income tax</b>		<u>1,047,328</u>	<u>9</u>	<u>1,189,822</u>	<u>12</u>
7950	Income tax expense	6(31)	( 203,957)	( 2)	( 150,893)	( 1)
8200	<b>Profit for the year</b>		<u>\$ 843,371</u>	<u>7</u>	<u>\$ 1,038,929</u>	<u>11</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial losses on defined benefit plans	6(18)	(\$ 3,914)	-	(\$ 2,365)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(6)(23)	( 14,321)	-	( 11,785)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	783	-	472	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(7)	46,153	-	( 92,609)	( 1)
8399	Aggregated income tax relating to components of other comprehensive income	6(31)	( 9,231)	-	18,522	-
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 19,470</u>	<u>-</u>	<u>(\$ 87,765)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 862,841</u>	<u>7</u>	<u>\$ 951,164</u>	<u>10</u>
	Earnings per share	6(32)				
9750	Basic		<u>\$ 1.69</u>		<u>\$ 2.35</u>	
9850	Diluted		<u>\$ 1.69</u>		<u>\$ 2.34</u>	

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

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other Equity Interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income	
<u>Year ended December 31, 2019</u>									
Balance at January 1, 2019		\$ 3,984,312	\$ 620,004	\$ 11,472	\$ 54,991	\$ 442,493	(\$ 71,703 )	(\$ 54,700 )	\$ 4,986,869
Profit for the year		-	-	-	-	1,038,929	-	-	1,038,929
Other comprehensive loss for the year	6(6)(23)	-	-	-	-	( 1,893 )	( 74,087 )	( 11,785 )	( 87,765 )
Total comprehensive income (loss)		-	-	-	-	1,037,036	( 74,087 )	( 11,785 )	951,164
Distribution of 2018 net income:									
Legal reserve		-	-	38,900	-	( 38,900 )	-	-	-
Special reserve		-	-	-	71,412	( 71,412 )	-	-	-
Proceeds from issuance of shares	6(19)(20)	400,000	324,147	-	-	-	-	-	724,147
Proceeds from issuance of shares through private placement	6(19)(20)	600,000	536,400	-	-	-	-	-	1,136,400
Compensation cost of employee stock options	6(20)(21)(30)	-	3,992	-	-	-	-	-	3,992
Balance at December 31, 2019		\$ 4,984,312	\$ 1,484,543	\$ 50,372	\$ 126,403	\$ 1,369,217	(\$ 145,790 )	(\$ 66,485 )	\$ 7,802,572
<u>Year ended December 31, 2020</u>									
Balance at January 1, 2020		\$ 4,984,312	\$ 1,484,543	\$ 50,372	\$ 126,403	\$ 1,369,217	(\$ 145,790 )	(\$ 66,485 )	\$ 7,802,572
Profit for the year		-	-	-	-	843,371	-	-	843,371
Other comprehensive income (loss) for the year	6(6)(23)	-	-	-	-	( 3,131 )	36,922	( 14,321 )	19,470
Total comprehensive income (loss)		-	-	-	-	840,240	36,922	( 14,321 )	862,841
Distribution of 2019 net income:									
Legal reserve		-	-	103,704	-	( 103,704 )	-	-	-
Special reserve	6(22)	-	-	-	85,872	( 85,872 )	-	-	-
Cash dividends	6(22)	-	-	-	-	( 498,431 )	-	-	( 498,431 )
Acquisition of investment accounted for using equity method not proportionate to shareholding ratio	6(7)(20)	-	139	-	-	-	-	-	139
Recognition of changes in ownership interest in subsidiaries	6(7)	-	-	-	-	( 1,896 )	-	-	( 1,896 )
Compensation cost of employee stock options	6(20)(21)(30)	-	55,042	-	-	-	-	-	55,042
Balance at December 31, 2020		\$ 4,984,312	\$ 1,539,724	\$ 154,076	\$ 212,275	\$ 1,519,554	(\$ 108,868 )	(\$ 80,806 )	\$ 8,220,267

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

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,047,328	\$ 1,189,822
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		( 12,882 )	71,009
Expected credit impairment (gain) loss	12	( 12,301 )	13,322
Gain on reversal of decline in market value	6(5)	( 318,630 )	( 418,667 )
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	( 243,136 )	( 145,946 )
Depreciation	6(8)(9)(11)	396,230	496,020
Net gain on disposal of property, plant and equipment	6(27)	( 555 )	( 5,888 )
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	6(8)(13)(27)	( 48,552 )	( 16,876 )
Net gain on disposal of investment property	6(27)	-	( 344,625 )
Reversal of impairment loss recognised in profit or loss, investment property	6(11)(13)(27)	-	( 24,243 )
Amortisation	6(12)(29)	4,373	5,697
Amortisation on long-term deferred revenue	6(17)	( 1,617 )	( 1,616 )
Interest income	6(25)	( 1,053 )	( 3,981 )
Interest expense	6(28)	234,506	295,635
Compensation cost of employee stock options	6(20)(21)(30)	55,042	3,992
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,467	2,870
Accounts receivable		( 80,782 )	( 238,194 )
Accounts receivable due from related parties		53,021	( 12,705 )
Other receivables		121,882	( 130,796 )
Inventories		303,991	16,904
Prepayments		( 41,349 )	16,184
Changes in operating liabilities			
Current contract liabilities		( 9,045 )	( 33,390 )
Notes payable		( 120,000 )	( 160,000 )
Accounts payable		( 49,033 )	68,847
Accounts payable to related parties		86,339	( 4,410 )
Other payables		( 1,187 )	101,508
Advance receipts		( 9,380 )	( 63,693 )
Net defined benefit liability, non-current		( 792 )	( 677 )
Cash inflow generated from operations		1,353,885	676,103
Dividends received	6(7)	5,057	9,256
Interest received		1,020	3,922
Income taxes refund		-	822
Interest paid		( 229,633 )	( 292,302 )
Income taxes paid		( 13,725 )	( 3,507 )
Net cash flows from operating activities		1,116,604	394,294

(Continued)

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in financial assets at amortised cost		\$ 1,641,789	( \$ 673,993 )
Cash paid for acquisition of property, plant and equipment	6(33)	( 114,439 )	( 643,444 )
Interests paid for acquisition of property, plant and equipment	6(8)(28)(33)	( 1,276 )	( 2,132 )
Acquisition of investment property	6(11)	-	( 534 )
Cash received from disposal of property, plant and equipment and investment property	6(33)	12,913	718,036
Acquisition of intangible assets	6(12)	( 4,759 )	( 3,250 )
Increase in prepayments for business facilities		( 160,538 )	( 137,330 )
Decrease in refundable deposits		125	67,089
(Increase) decrease in other non-current assets		( 8,130 )	9,347
Net cash flows from (used in) investing activities		<u>1,365,685</u>	<u>( 666,211 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayments of short-term borrowings	6(34)	( 2,769,643 )	( 285,926 )
Payments of lease liabilities	6(34)	( 34,243 )	( 44,019 )
Proceeds from long-term borrowings	6(34)	10,316,470	-
Repayments of long-term borrowings	6(34)	( 8,202,497 )	( 1,264,874 )
(Decrease) increase in refundable deposits	6(34)	( 20 )	997
Proceeds from issuance of shares	6(19)	-	724,147
Proceeds from issuance of shares through private placement	6(19)	-	1,136,400
Payment of cash dividends	6(22)	( 498,431 )	-
Net cash flows (used in) from financing activities		<u>( 1,188,364 )</u>	<u>266,725</u>
Net increase (decrease) in cash and cash equivalents		1,293,925	( 5,192 )
Cash and cash equivalents at beginning of year	6(1)	<u>1,325</u>	<u>6,517</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,295,250</u>	<u>\$ 1,325</u>

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Solar Applied Material Technology Corp.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Solar Applied Material Technology Corp. and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted 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 most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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



## **Evaluation of inventories**

### Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5 for accounting judgements, estimates and key sources of assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventory. As of December 31, 2020, inventory and allowance for valuation losses are \$8,105,101 thousand and \$212,271 thousand, respectively.

The Group is primarily engaged in manufacturing, processing, recycling, refining and trading of sputtering targets for thin film, precious metal materials and specialty chemicals for automobiles. Since most of the Group's inventories are precious metal materials whose value is easily affected by the variations in market prices, and the calculation of net realisable value usually involves subjective judgment and a high degree of estimation uncertainty, we identified the evaluation of inventories as a key audit matter.

### How our audit addressed the matter

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

1. Inspected whether the Group's inventories have been assessed based on the Group's accounting policies, and evaluated the reasonableness of the provision policies and procedures on allowance for inventory valuation losses.
2. Understood the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the consistency of the classification of obsolete inventory and internal controls over obsolete inventory.
3. Checked the adequacy of allowance for inventory valuation losses based on our testing on the reports in relation to the net realisable value.

## **Valuation of derivative financial instruments**

### Description

Refer to Notes 4(7) (22) and (25) for accounting policy on valuation of derivative financial instruments and Note 6(2) for details of financial assets and liabilities at fair value through profit or loss. As of December 31, 2020, liabilities arising from derivative instruments measured at fair value amounted to \$102,169 thousand. For the year ended December 31, 2020, the Group recognised net loss on derivative instruments amounting to \$292,956 thousand.

The Group entered into derivative instruments in order to hedge significant variations in the prices of precious metal materials (gold, silver, platinum and palladium gold). However, these transactions are not accounted for under hedge accounting. As the derivative instrument transactions involve high market price risk and the price variation is material to the Group's financial statements, we identified the valuation of derivative financial instruments as a key audit matter.

### How our audit addressed the matter

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

1. Obtained derivative instruments transaction summary and written documents, including the minutes of Board of Directors' meeting and announcements issued based on regulations, and interviewed with executives who were authorised to transact derivative instruments in order to understand the Group's transactions on derivative instruments.

2. Sampled and inspected the documents related to the derivative instrument transactions created or settled in the current period, and checked whether the transactions and calculation of profit and loss are both correct.
3. Performed confirmation with financial institutions, futures commission merchant and major counterparties which had business with the Group and obtained statements in order to confirm the completeness of derivative instrument transactions.
4. Obtained the derivative instrument fair value information as an assessment basis on derivative instruments.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Solar Applied Material Technology Corp. as at and for the years ended December 31, 2020 and 2019.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 5, 2021

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

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

SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)(16)	\$ 2,161,229	10	\$ 589,557	3
1136	Financial assets at amortised cost - current	6(2)(3)(16) and 8	921,449	5	2,519,249	12
1150	Notes receivable, net	6(4) and 12	65,902	1	69,079	-
1170	Accounts receivable, net	6(4), 7 and 12	1,753,831	8	1,525,265	7
1200	Other receivables	6(15)	52,519	-	145,155	1
1220	Current income tax assets	6(31)	38,517	-	38,517	-
130X	Inventory	5 and 6(5)	7,892,830	37	7,407,025	35
1410	Prepayments		258,038	1	547,986	2
11XX	<b>Total current assets</b>		<u>13,144,315</u>	<u>62</u>	<u>12,841,833</u>	<u>60</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(6)	97,605	1	111,926	1
1535	Financial assets at amortised cost - non-current	6(3) and 8	31,623	-	17,530	-
1550	Investments accounted for using equity method	6(7)	174,986	1	226,862	1
1600	Property, plant and equipment	6(8)(9)(11)(13) and 8	6,626,038	31	6,774,537	32
1755	Right-of-use assets	6(8)(9)(13)	251,232	1	256,640	1
1760	Investment property, net	6(8)(11)(13) and 8	432,723	2	435,005	2
1780	Intangible assets	6(12)	27,808	-	33,662	-
1840	Deferred income tax assets	6(31)	307,911	2	456,875	2
1915	Prepayments for business facilities	6(8)	38,844	-	6,747	-
1920	Guarantee deposits paid	6(9)	69,522	-	61,891	1
1930	Long-term notes and accounts receivable		9,258	-	-	-
1990	Other non-current assets	6(8)	46,792	-	50,533	-
15XX	<b>Total non-current assets</b>		<u>8,114,342</u>	<u>38</u>	<u>8,432,208</u>	<u>40</u>
1XXX	<b>Total assets</b>		<u>\$ 21,258,657</u>	<u>100</u>	<u>\$ 21,274,041</u>	<u>100</u>

(Continued)

**SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)(16) and 8	\$ 656,555	3	\$ 3,182,924	15
2120	Financial liabilities at fair value through profit or loss - current	6(2)	102,169	1	124,068	1
2130	Current contract liabilities	6(24)	139,037	1	157,771	1
2150	Notes payable	6(15)	54,000	-	120,000	-
2170	Accounts payable	7	175,940	1	231,697	1
2200	Other payables	7	838,843	4	809,251	4
2230	Current income tax liabilities	6(31)	53,089	-	20,841	-
2280	Current lease liabilities	6(9)	41,297	-	31,430	-
2310	Advance receipts		13,672	-	21,787	-
2320	Long-term liabilities, current portion	6(16) and 8	403,542	2	7,576,948	36
21XX	<b>Total current liabilities</b>		<u>2,478,144</u>	<u>12</u>	<u>12,276,717</u>	<u>58</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(16) and 8	9,882,018	47	562,143	3
2570	Deferred income tax liabilities	6(31)	211,990	1	181,105	1
2580	Non-current lease liabilities	6(9)	85,056	-	106,912	-
2610	Long-term notes and accounts payable	6(15)	-	-	54,000	-
2630	Long-term deferred revenue	6(17)	34,658	-	36,275	-
2640	Accrued pension liabilities	6(18)	58,917	-	55,795	-
2645	Guarantee deposits received		1,591	-	1,611	-
2670	Other non-current liabilities		-	-	575	-
25XX	<b>Total non-current liabilities</b>		<u>10,274,230</u>	<u>48</u>	<u>998,416</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>12,752,374</u>	<u>60</u>	<u>13,275,133</u>	<u>62</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(19)	4,984,312	23	4,984,312	23
3200	Capital surplus	6(7)(19)(20)(21)	1,539,724	7	1,484,543	7
Retained earnings						
3310	Legal reserve	4(3) and 6(22)	154,076	1	50,372	-
3320	Special reserve		212,275	1	126,403	1
3350	Unappropriated retained earnings		1,519,554	7	1,369,217	7
3400	Other equity interest	6(6)(23)	(189,674)	-	(212,275)	(1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,220,267</u>	<u>39</u>	<u>7,802,572</u>	<u>37</u>
36XX	<b>Non-controlling interests</b>	4(3) and 6(21)	<u>286,016</u>	<u>1</u>	<u>196,336</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>8,506,283</u>	<u>40</u>	<u>7,998,908</u>	<u>38</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments						
Significant Events after the Balance Sheet Date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 21,258,657</u>	<u>100</u>	<u>\$ 21,274,041</u>	<u>100</u>

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

**SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

Items	Notes	Years ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24) and 7	\$ 26,665,367	100	\$ 21,986,662	100
5000	Operating costs	6(5)(12)(18)(29)				
		(30) and 7	( 23,619,501)	( 89)	( 19,086,020)	( 87)
5900	Net operating margin		<u>3,045,866</u>	<u>11</u>	<u>2,900,642</u>	<u>13</u>
	Operating expenses	6(12)(18)(29)				
		(30), 7 and 12				
6100	Selling expenses		( 243,290)	( 1)	( 251,840)	( 1)
6200	General and administrative expenses		( 838,643)	( 3)	( 900,225)	( 4)
6300	Research and development expenses		( 383,500)	( 1)	( 303,924)	( 1)
6450	Expected credit gains (losses)		<u>16,209</u>	<u>-</u>	<u>( 12,094)</u>	<u>-</u>
6000	Total operating expenses		<u>( 1,449,224)</u>	<u>( 5)</u>	<u>( 1,468,083)</u>	<u>( 6)</u>
6900	Operating profit		<u>1,596,642</u>	<u>6</u>	<u>1,432,559</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(25)	6,855	-	11,489	-
7010	Other income	6(10)(11)(15)				
		(26)	72,886	-	225,189	1
7020	Other gains and losses	4(3),				
		6(2)(13)(27) and				
		12	( 221,130)	( 1)	( 116,056)	( 1)
7050	Finance costs	6(8)(9)(28)	( 255,403)	( 1)	( 319,670)	( 1)
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)				
			<u>( 54,889)</u>	<u>-</u>	<u>13,992</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>( 451,681)</u>	<u>( 2)</u>	<u>( 185,056)</u>	<u>( 1)</u>
7900	<b>Profit before income tax</b>		<u>1,144,961</u>	<u>4</u>	<u>1,247,503</u>	<u>6</u>
7950	Income tax expense	6(31)	<u>( 261,286)</u>	<u>( 1)</u>	<u>( 186,378)</u>	<u>( 1)</u>
8200	<b>Profit for the year</b>		<u>\$ 883,675</u>	<u>3</u>	<u>\$ 1,061,125</u>	<u>5</u>

(Continued)

SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Actuarial losses on defined benefit plans	6(18)	(\$ 3,914)	-	(\$ 2,365)	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(6)(23)	( 14,321)	-	( 11,785)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	783	-	472	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		44,868	-	( 90,912)	( 1)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)	4,259	-	( 4,482)	-
8399 Aggregated income tax relating to components of other comprehensive (loss) income	6(31)	( 10,084)	-	19,416	-
8300 <b>Other comprehensive income (loss) for the year</b>		<u>\$ 21,591</u>	<u>-</u>	<u>(\$ 89,656)</u>	<u>( 1)</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 905,266</u>	<u>3</u>	<u>\$ 971,469</u>	<u>4</u>
Profit attributable to:					
8610 Owners of the parent		\$ 843,371	3	\$ 1,038,929	5
8620 Non-controlling interest		40,304	-	22,196	-
		<u>\$ 883,675</u>	<u>3</u>	<u>\$ 1,061,125</u>	<u>5</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 862,841	3	\$ 951,164	4
8720 Non-controlling interest		42,425	-	20,305	-
		<u>\$ 905,266</u>	<u>3</u>	<u>\$ 971,469</u>	<u>4</u>
Earnings per share	6(32)				
9750 Basic		<u>\$ 1.69</u>		<u>\$ 2.35</u>	
9850 Diluted		<u>\$ 1.69</u>		<u>\$ 2.34</u>	

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



SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent											
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other equity interest			Total	Non- controlling interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<b>Year ended December 31, 2019</b>												
		\$ 3,984,312	\$ 620,004	\$ 11,472	\$ 54,991	\$ 442,493	(\$ 71,703)	(\$ 54,700)	\$ 4,986,869	\$ 182,899	\$ 5,169,768	
		-	-	-	-	1,038,929	-	-	1,038,929	22,196	1,061,125	
	6(6)(23)	-	-	-	-	( 1,893)	( 74,087)	( 11,785)	( 87,765)	( 1,891)	( 89,656)	
		-	-	-	-	1,037,036	( 74,087)	( 11,785)	951,164	20,305	971,469	
Distribution of 2018 net income:												
		-	-	38,900	-	( 38,900)	-	-	-	-	-	
		-	-	-	71,412	( 71,412)	-	-	-	-	-	
	6(19)(20)	400,000	324,147	-	-	-	-	-	724,147	-	724,147	
	6(19)(20)	600,000	536,400	-	-	-	-	-	1,136,400	-	1,136,400	
	6(20)(21)(30)	-	3,992	-	-	-	-	-	3,992	-	3,992	
		-	-	-	-	-	-	-	-	( 6,868)	( 6,868)	
		<u>\$ 4,984,312</u>	<u>\$ 1,484,543</u>	<u>\$ 50,372</u>	<u>\$ 126,403</u>	<u>\$ 1,369,217</u>	<u>(\$ 145,790)</u>	<u>(\$ 66,485)</u>	<u>\$ 7,802,572</u>	<u>\$ 196,336</u>	<u>\$ 7,998,908</u>	
<b>Year ended December 31, 2020</b>												
		<u>\$ 4,984,312</u>	<u>\$ 1,484,543</u>	<u>\$ 50,372</u>	<u>\$ 126,403</u>	<u>\$ 1,369,217</u>	<u>(\$ 145,790)</u>	<u>(\$ 66,485)</u>	<u>\$ 7,802,572</u>	<u>\$ 196,336</u>	<u>\$ 7,998,908</u>	
		-	-	-	-	843,371	-	-	843,371	40,304	883,675	
	6(6)(23)	-	-	-	-	( 3,131)	36,922	( 14,321)	19,470	2,121	21,591	
		-	-	-	-	840,240	36,922	( 14,321)	862,841	42,425	905,266	
Distribution of 2019 net income:												
		-	-	103,704	-	( 103,704)	-	-	-	-	-	
	6(22)	-	-	-	85,872	( 85,872)	-	-	-	-	-	
	6(22)	-	-	-	-	( 498,431)	-	-	( 498,431)	-	( 498,431)	
	6(7)(20)	-	139	-	-	-	-	-	139	-	139	
	4(3)	-	-	-	-	( 1,896)	-	-	( 1,896)	1,896	-	
	6(20)(21)(30)	-	55,042	-	-	-	-	-	55,042	-	55,042	
		-	-	-	-	-	-	-	-	45,359	45,359	
		<u>\$ 4,984,312</u>	<u>\$ 1,539,724</u>	<u>\$ 154,076</u>	<u>\$ 212,275</u>	<u>\$ 1,519,554</u>	<u>(\$ 108,868)</u>	<u>(\$ 80,806)</u>	<u>\$ 8,220,267</u>	<u>\$ 286,016</u>	<u>\$ 8,506,283</u>	

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

SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,144,961	\$ 1,247,503
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		( 21,899 )	77,240
Expected credit impairment (gain) loss	12	( 16,209 )	12,094
Gain on reversal of decline in market value	6(5)	( 314,792 )	( 435,666 )
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(7)	54,889	( 13,992 )
Gain on disposal of investments	4(3), 6(27)(33)	( 8,020 )	-
Depreciation	6(8)(9)(11)	506,216	599,241
Net loss (gain) on disposal of property, plant and equipment	6(27)	1,569	( 651 )
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	6(8)(13)(27)	( 48,552 )	( 16,876 )
Gain arising from lease modifications	6(27)	-	( 5 )
Impairment loss recognized in profit or loss, right-of-use assets	6(9)(13)(27)	-	7,969
Net gain on disposal of investment property	6(27)	-	( 344,625 )
Reversal of impairment loss recognised in profit or loss, investment property	6(11)(13)(27)	-	( 24,243 )
Amortisation	6(12)(29)	7,895	9,998
Amortisation on long-term deferred revenue	6(17)	( 1,617 )	( 1,616 )
Interest income	6(25)	( 6,855 )	( 11,489 )
Interest expense	6(28)	255,403	319,670
Compensation cost of employee stock options	6(20)(21)(30)	55,042	3,992
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		12,435	17,910
Accounts receivable		( 212,367 )	( 158,873 )
Other receivables		111,229	( 115,758 )
Inventories		( 171,013 )	( 44,628 )
Prepayments		289,948	( 261,055 )
Changes in operating liabilities			
Current contract liabilities		( 18,734 )	96,159
Notes payable		( 120,000 )	( 160,000 )
Accounts payable		( 55,757 )	( 53,073 )
Other payables		50,662	119,105
Advance receipts		( 8,115 )	( 63,411 )
Net defined benefit liability, non-current		( 792 )	( 677 )
Other non-current liabilities		( 575 )	( 933 )
Cash inflow generated from operations		1,484,952	803,310
Dividends received	6(7)	1,385	3,136
Interest received		6,778	12,790
Income taxes refund		-	2,320
Interest paid		( 249,299 )	( 316,012 )
Income taxes paid		( 58,362 )	( 33,031 )
Net cash flows from operating activities		1,185,454	472,513

(Continued)

SOLAR APPLIED MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortized cost		\$ 1,583,707	( \$ 635,798 )
Proceeds from disposal of subsidiary	6(33)	8,423	-
Cash paid for acquisition of property, plant and equipment	6(33)	( 185,510 )	( 853,314 )
Interest paid for acquisition of property, plant and equipment	6(8)(28)(33)	( 1,276 )	( 2,132 )
Acquisition of investment property	6(11)	-	( 534 )
Cash received from disposal of property, plant and equipment and investment property	6(33)	13,379	718,221
Acquisition of intangible assets	6(12)	( 2,051 )	( 5,474 )
Increase in prepayments for business facilities		( 165,458 )	( 135,993 )
(Increase) decrease in refundable deposits		( 7,631 )	43,498
Decrease in other non-current assets		3,906	21,455
Net cash flows from (used in) investing activities		<u>1,247,489</u>	<u>( 850,071 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(34)	702,514	718,936
Repayments of short-term borrowings	6(34)	( 3,235,797 )	( 1,142,622 )
Payments of lease liabilities	6(34)	( 50,719 )	( 53,442 )
Proceeds from long-term borrowings	6(34)	10,346,470	150,000
Repayments of long-term borrowings	6(34)	( 8,212,961 )	( 1,267,016 )
(Decrease) increase in refundable deposits	6(34)	( 20 )	997
Proceeds from issuance of shares	6(19)	-	724,147
Proceeds from issuance of shares through private placement	6(19)	-	1,136,400
Payment of cash dividends	6(22)	( 498,431 )	-
Increase (decrease) in non-controlling interest		45,359	( 6,868 )
Net cash flows (used in) from financing activities		<u>( 903,585 )</u>	<u>260,532</u>
Effect of foreign exchange rate changes on cash and cash equivalents		42,314	( 88,436 )
Net increase (decrease) in cash and cash equivalents		1,571,672	( 205,462 )
Cash and cash equivalents at beginning of year	6(1)	589,557	795,019
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,161,229</u>	<u>\$ 589,557</u>

## Solar Applied Materials Technology Corp.

## Comparison Table for the Code of Ethical Conduct Before and After Amendment

Amended Article	Current Article	Explanation
<p>Article 2</p> <p>2. Content of the Code</p> <p>(1) Preventing Conflicts of Interest:</p> <p>Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interests of the Company, where a director or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of his/her position in the Company to obtain improper benefits for either themselves or their spouse, or relatives within the second degree of kinship. The Company shall pay special attention to loaning of funds, provision of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the abovementioned personnel works.</p> <p>The Company shall adopt policies for preventing conflicts of interest and also offer appropriate means for directors and managers to</p>	<p>Article 2</p> <p>2. Content of the Code</p> <p>(1) Preventing Conflicts of Interest:</p> <p>Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interests of the Company, where a director or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of his/her position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to loaning of funds, provision of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the abovementioned personnel works.</p> <p>The Company shall adopt policies for preventing conflicts of interest and also offer appropriate means for directors and managers to</p>	<p>1. Considering that parents and children are relatives within the second degree of kinship, the text of Paragraph 1 is simplified accordingly.</p>

Amended Article	Current Article	Explanation
<p>voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>Paragraphs 2 to 6 are omitted.</p> <p>(7) Encouraging Reporting on Illegal or Unethical Activities: The Company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, managers, chief internal auditor or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system, allow anonymous whistleblowing, and make employees aware that the Company will use its best efforts to ensure the safety of informants whistleblowers and protect them from reprisals.</p>	<p>voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>Paragraphs 2 to 6 are omitted.</p> <p>(7) Encouraging Reporting on Illegal or Unethical Activities: The Company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, managers, chief internal auditor or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>2. The text of Paragraph 7 is amended in accordance with Article 23 of the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies which includes "allow anonymous whistleblowing."</p>
<p>Article 5</p> <p>The Company's Code of Ethical Conduct shall take effect upon approval by the Board of Directors after it is reviewed by the Audit Committee, and shall be reported to the shareholders' meeting. The same shall apply to any amendment thereto.</p>	<p>Article 5</p> <p>The Company's Code of Ethical Conduct shall take effect upon approval by the Board of Directors, and shall be submitted to the Audit Committee for review and reported to the shareholders' meeting. The same shall apply to any amendment thereto.</p>	<p>This article is amended in accordance with the implementation of other internal regulations and related revision procedures of the Company.</p>

**Solar Applied Materials Technology Corp.**  
**Comparison Table for the Articles of Incorporation Before and After Amendment**

Amended Article	Current Article	Reason for Amendment
<p>Article 6 The total capital of the Company is set at NT\$8 billion, which is divided into 800 million shares at a par value of NT\$10 per share. The Board of Directors is authorized to issue unissued shares in installments based on business needs. The Company may issue in installments stock warrants, corporate bonds with warrants or preferred shares with warrants totaling up to NT\$120 million out of the the total capital mentioned in the preceding paragraph, which amounts to 12 million shares at a par value of NT\$10 per share.</p>	<p>Article 6 The total capital of the Company is set at NT\$6 billion, which is divided into 600 million shares at a par value of NT\$10 per share. The Board of Directors is authorized to issue unissued shares in installments based on business needs. The Company may issue in installments stock warrants, corporate bonds with warrants or preferred shares with warrants totaling up to NT\$40 million out of the the total capital mentioned in the preceding paragraph, which amounts to 4 million shares at a par value of NT\$10 per share.</p>	
<p>Article 20-1 If the Company posts a profit in its final accounts for a particular year, the profit shall be distributed for the purposes listed in the following order.</p> <ol style="list-style-type: none"> <li>1. Tax payment.</li> <li>2. Making up for losses.</li> <li>3. Setting aside 10 percent of the profit as legal reserve. This provision shall not apply when the legal reserve amounts to the total amount of paid-in capital.</li> <li>4. Setting aside or reversing part of the profit as special reserve pursuant to the relevant regulations or an order issued by the competent authority.</li> <li>5. If there is any profit left, the remaining profit shall be the earnings for the year. The sum of earnings for the year and undistributed earnings from previous years shall form the accumulated distributable</li> </ol>	<p>Article 20-1 If the Company posts a profit in its final accounts for a particular year, the profit shall be distributed for the purposes listed in the following order.</p> <ol style="list-style-type: none"> <li>1. Tax payment.</li> <li>2. Making up for losses.</li> <li>3. Setting aside 10 percent of the profit as legal reserve. This provision shall not apply when the legal reserve amounts to the total amount of paid-in capital.</li> <li>4. Setting aside or reversing part of the profit as special reserve pursuant to the relevant regulations or the order of the competent authority.</li> <li>5. After adding the remaining profit to the undistributed earnings from previous years, the Company may</li> </ol>	<p>This article is amended in line with the Company's long-term operational needs.</p>

Amended Article	Current Article	Reason for Amendment
<p>earnings. The Company may propose an earnings distribution plan accordingly and submit the plan to the shareholders' meeting for approval.</p>	<p>propose an earnings distribution plan at its discretion based on its retained earnings and submit the plan to the shareholders' meeting for approval.</p>	
<p>Article 20-2 The Company may determine the amount and percentage of earnings to be distributed as dividends for the year and the type of dividends to be distributed for the year based on financial, business, and operational considerations. However, the amount of earnings to be distributed as dividends for the year shall be at least 40 percent of the earnings for the year up to the full amount of the accumulated distributable earnings. Earnings shall be distributed in the form of cash dividends or stock dividends. However, considering the environment to which the Company belongs and its growth in response to its future capital needs and long-term financial planning, the Company shall give priority to earnings distribution in the form of cash dividends, where the amount of dividends to be distributed in the form of cash shall be no less than 50 percent of the total amount of dividends. The percentage of earnings to be distributed as dividends and the type of dividends to be distributed may be adjusted upon a resolution adopted in the shareholders' meeting based on the actual profit and capital position for the year.</p>	<p>Article 20-2 Considering the environment to which the Company belongs and its growth in response to its future capital needs and long-term financial planning, the Company shall distribute 50 to 100 percent and 0 to 50 percent of the total amount of dividends upon a resolution adopted in the previous article as stock dividends and cash dividends, respectively. However, the amount and percentage of earnings to be distributed as dividends and the type of dividends to be distributed may be adjusted upon a resolution adopted by the shareholders' meeting based on the actual profit and capital position for a particular year.</p>	
<p>Article 25 The Articles of Incorporation was established on (omitted). The 40th amendment was made on June 28, 2019. The 41st amendment was made on June 18, 2021.</p>	<p>Article 25 The Articles of Incorporation was established on (omitted). The 40th amendment was made on June 28, 2019.</p>	<p>A new date of amendment is added.</p>

Solar Applied Materials Technology Corp.  
 Comparison Table for the Procedures for Election of Directors Before and After  
 Amendment.  
 (currently titled "Solar Applied Materials Technology Corp. Rules for Election of  
 Directors")

Amended Article	Current Article	Explanation
Solar Applied Materials Technology Corp. Procedures for Election of Directors	Solar Applied Materials Technology Corp. Rules for Election of Directors	The title of these regulations is amended based on the terminology used in Article 21 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 1 The election of directors at the Company is conducted in accordance with these Procedures.	Article 1 The election of directors at the Company is conducted in accordance with these Rules.	The text of this article is adjusted in line with the change in title of these regulations.
Article 1-1 <u>The overall composition of the Board of Directors shall be taken into consideration in the selection of this Company'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. The policy shall include, without being limited to, the following two general standards:</u>  1. <u>Basic requirements and values: Gender, age, nationality, and culture.</u> 2. <u>Professional knowledge and skills: A professional background</u>		This article is added in accordance with Article 3 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors promulgated by the competent authority.



Amended Article	Current Article	Explanation
<p><u>(e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</u></p> <p><u>Each member of the Board of Directors shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the Board of Directors as a whole are as follows:</u></p> <ol style="list-style-type: none"> <li><u>1. The ability to make judgments about operations.</u></li> <li><u>2. Accounting and financial analysis ability.</u></li> <li><u>3. Business management ability.</u></li> <li><u>4. Crisis management ability.</u></li> <li><u>5. Knowledge of the industry.</u></li> <li><u>6. An international market perspective.</u></li> <li><u>7. Leadership ability.</u></li> <li><u>8. Decision-making ability.</u></li> </ol> <p><u>More than half the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</u></p> <p><u>The Company's Board of Directors shall consider adjusting its composition based on the results of performance evaluation.</u></p>		
<p>Article 2</p> <p>Unless otherwise specified in the Company's Articles of Incorporation, the cumulative voting method shall be adopted in the election and appointment of directors (including independent directors) at the Company.</p> <p>(Omitted)</p>	<p>Article 2</p> <p>Unless otherwise specified in the Company's Articles of Incorporation, the cumulative voting method shall be adopted in the election of directors (including independent directors) at the Company.</p> <p>(Omitted)</p>	<p>The text of this article is adjusted in line with the change in title of these regulations.</p>

Amended Article	Current Article	Explanation
<p>Article 4-1</p> <p><u>When the number of directors falls below five due to the dismissal of a director for any reason, the Company 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 the Company's Articles of Incorporation, the Company shall call an extraordinary shareholders' meeting within 60 days from the date of occurrence and hold a by-election to fill the vacancies.</u></p> <p><u>When the number of independent directors falls below that required as stipulated in 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, an extraordinary shareholders' meeting shall be called within 60 days from the date of occurrence and hold a by-election to fill the vacancies.</u></p> <p>Other matters to be complied with shall be governed by the Company Act and the relevant regulations promulgated by the competent authority in charge of securities affairs.</p>	<p>Article 4-1</p> <p><u>The candidate nomination system shall be adopted in the election of independent directors at the Company.</u></p> <p><u>Shareholders shall elect independent directors from among those listed as independent director candidates.</u></p> <p><u>Prior to the book closure date before the convening of a shareholders' meeting, the Company shall publish a notice specifying a period for receiving nominations of independent director candidates, the number of independent directors to be elected, the venue for receiving such nominations, and other necessary matters. The period for receiving nominations shall be no less than 10 days.</u></p> <p><u>The Company's Board of Directors or shareholders holding more than one percent of the total number of issued shares may provide a list of independent director candidates as a reference for the election of independent directors.</u></p> <p><u>However, the number of independent directors nominated shall not exceed the number of independent directors to be elected. The same shall apply to the number of independent director</u></p>	<p>Paragraphs 1 to 3 of the original article specify the relevant procedures in the candidate nomination system as stipulated in Article 192-1 of the Company Act. The content of these paragraphs is simplified since it has been covered in Article 4. In addition, this article is amended in accordance with Article 5, Paragraphs 2 and 3 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors promulgated by the competent authority.</p>

Amended Article	Current Article	Explanation
	<p><u>candidates nominated by the Board of Directors.</u></p> <p>Other matters to be complied with shall be governed by the Company Act and the relevant regulations promulgated by the competent authority in charge of securities affairs.</p>	
<p>Article 7 (Deleted)</p>	<p>Article 7</p> <p>If a candidate is a shareholder, a voter must fill the account name and shareholder account number of the candidate in the candidate column on the ballot. If a candidate is not a shareholder, a voter shall fill the full name and identification card number of the candidate. However, when a candidate is a government or legal-person shareholder, the name of the government or legal-person shareholder shall be filled in the candidate column on the ballot, or both the name of the government or legal-person shareholder and the name of its representative may be filled. In case of multiple representatives, the name of each representative shall be filled.</p>	<p>According to Directive Chin-Kuan-Cheng-Chiao-Tzu No. 1080311451 dated April 25, 2019 issued by the Financial Supervisory Commission, the candidate nomination system shall be adopted in the election of directors and supervisors at TWSE/TPEX-listed companies starting 2021, where shareholders shall elect directors from a list of candidates. Since shareholders can learn about the full name, education background, and work experience of all candidates from the list of candidates provided before a shareholders' meeting is convened, there is no need to verify the identity of a candidate using his/her shareholder account number or identification card number. Therefore, this article is deleted.</p>
<p>Article 8</p> <p>A ballot is invalid under any of the following circumstances:</p> <p>1. The ballot prepared by the</p>	<p>Article 8</p> <p>A ballot is invalid under any of the following circumstances:</p> <p>1. The ballot prepared in</p>	<p>According to Article 173 of the Company Act, shareholders may convene a shareholders' meeting after</p>

Amended Article	Current Article	Explanation
<p>person with the right to convene is not used.</p> <p>2. Words other than the number of voting shares allotted are included.</p> <p>3. The writing is unclear and indecipherable or has been altered.</p> <p>4. The name of the candidate filled in the ballot is not consistent with that indicated in the list of director candidates.</p> <p>5. The number of candidates filled exceeds the number of directors required to be elected.</p> <p>6. A ballot is not placed into the ballot box or a blank ballot is cast.</p>	<p>accordance with these Rules is not used.</p> <p>2. Words other than the account name (full name) and shareholder account number (identification card number) of the candidate filled and the number of voting shares allotted are included.</p> <p>3. The writing is unclear and indecipherable.</p> <p>4. In the event that the candidate filled is a shareholder, the account name and shareholder account number of the candidate are not consistent with those indicated in the shareholder register. In the event that the candidate filled is not a shareholder, the full name and identification card number of the candidate are not consistent upon inspection.</p> <p>5. The account name (full name) and shareholder account number (identification card number) of the candidate are not filled.</p> <p>6. The number of candidates filled exceeds the number of directors required to be elected.</p> <p>7. A ballot is not placed into the ballot box or a blank ballot is cast.</p>	<p>obtaining approval from the competent authority under certain circumstances (e.g., when the Board of Directors fails to convene a shareholders' meeting). Therefore, Paragraph 1 of this article is adjusted accordingly. In addition, according to Directive Chin-Kuan-Cheng-Chiao-Tzu No. 1080311451 dated April 25, 2019 issued by the Financial Supervisory Commission, the candidate nomination system shall be adopted in the election of directors and supervisors at TWSE/TPEX-listed companies starting 2021, where shareholders shall elect directors from a list of candidates. Therefore, Subparagraphs 2 and 4 of this article are adjusted, while Subparagraph 5 of this article is deleted. The order of Subparagraphs 6 and 7 are adjusted. The text of Subparagraph 3 is adjusted in accordance with Article 10, Subparagraph 3 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors promulgated by the competent authority.</p>

Amended Article	Current Article	Explanation
<p>Article 12</p> <p>After the scrutineers verify the total number of valid and invalid votes, the number of valid votes and corresponding voting shares, and the number of invalid votes and corresponding voting shares shall be be filled on the record sheet. The chairperson shall announce the name of the candidates elected and the corresponding number of votes received on the spot.</p>	<p>Article 12</p> <p>After the scrutineers verify the total number of valid and invalid votes, the number of valid votes and corresponding voting shares, and the number of invalid votes and corresponding voting shares shall be be filled on the record sheet. The chairperson shall announce the name and shareholder account number of the candidates elected.</p>	<p>The text of this article is adjusted in accordance with Article 11, Paragraph 1 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors promulgated by the competent authority.</p>
<p>Article 13</p> <p>Any matters not specified here in these Procedures shall be governed by the Company Act and the relevant regulations.</p>	<p>Article 13</p> <p>Any matters not specified here in these Rules shall be governed by the Company Act and the relevant regulations.</p>	<p>The text of this article is adjusted in line with the change in title of these regulations.</p>
<p>Article 14</p> <p>These Procedures shall take effect upon approval during the shareholders' meeting. The same shall apply to any amendment thereto.</p>	<p>Article 14</p> <p>These Rules shall take effect upon approval during the shareholders' meeting. The same shall apply to any amendment thereto.</p>	<p>The text of this article is adjusted in line with the change in title of these regulations.</p>

## Solar Applied Materials Technology Corp.

Comparison Table for the Rules of Procedure for Shareholders' Meetings Before and  
After Amendment

Amended Article	Current Article	Explanation
<p>Article 3 Paragraphs 1 to 3 are omitted.</p> <p>Election or dismissal of directors; changes in the Articles of Association; capital reduction; application for halting public offering; permission for directors to compete with the Company; capitalization of retained earnings; capitalization of capital reserves; dissolution, merging or demerger of the Company; or all items pertaining to Article 185, Paragraph 1 of the Company Act; Article 26-1 and Article 43-6 of the Securities and Exchange Act; and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed as reasons to convene the meeting, with their essential contents specified, and may not be raised as extempore motions.</p>	<p>Article 3 Paragraphs 1 to 3 are omitted.</p> <p>Election or dismissal of directors; changes in the Articles of Association; capital reduction; application for halting public offering; permission for directors to compete with the Company; capitalization of retained earnings; capitalization of capital reserves; dissolution, merging or demerger of the Company; or all items pertaining to Article 185, Paragraph 1 of the Company Act, shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions. Such essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, with its web address specified on the meeting notice.</p>	<p>1. In order to avoid any misunderstanding that matters other than those stipulated in Article 185, Paragraph 1 of the Company Act can be raised as extempore motions, the provisions of other regulations regarding matters other than those stipulated in the Company Act that may not be raised as extempore motions are included in the current article before amendment.</p>

Amended Article	Current Article	Explanation
<p>Paragraph 5 is omitted.</p> <p>A shareholder holding more than one percent of the total number of issued shares may submit to the Company a proposal containing only one item for discussion at an annual shareholders' meeting. Proposals containing more than one item shall not be included in the meeting agenda. In addition, the Board of Directors may exclude a shareholder's proposal from the meeting agenda if any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act is found in the proposal. A shareholder may submit a proposal containing only one item for urging the Company to promote public interests or fulfill its social responsibilities in accordance with Article 172-1 of the Company Act. Related proposals containing more than one item shall not be included in the meeting agenda.</p> <p>The remaining paragraphs are omitted.</p>	<p>Paragraph 5 is omitted.</p> <p>A shareholder holding more than one percent of the total number of issued shares may submit to the Company a proposal containing only one item for discussion at an annual shareholders' meeting. Proposals containing more than one item shall not be included in the meeting agenda. However, a shareholder's proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the meeting agenda for discussion at a regular shareholders' meeting by the Board of Directors. In addition, the Board of Directors may exclude a shareholder's proposal from the meeting agenda if any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act is found in the proposal.</p> <p>The remaining paragraphs are omitted.</p>	<p>2. Paragraph 6 of this article is amended in accordance with amendments to Article 172, Paragraph 5 of the Company Act and Letter Ching-Shang-Tzu No. 10700105410.</p>
<p>Article 9</p> <p>Paragraph 1 is omitted.</p> <p>The chairperson shall call the meeting to order at the appointed meeting time and announce the relevant</p>	<p>Article 9</p> <p>Paragraph 1 is omitted.</p> <p>The chairperson shall call the meeting to order at the appointed meeting time.</p> <p>However, when the</p>	<p>Paragraph 2 is amended to enhance corporate governance and protect shareholders' rights and interests.</p>

Amended Article	Current Article	Explanation
<p>information, such as the number of non-voting shares and the number of shares in attendance. However, when the shareholders present do not represent more than half the total number of issued shares, the chairperson may announce a postponement, with no more than two such postponements exceeding one hour in total allowed. If the shareholders present still do not represent more than one-third of the total number of issued shares after two postponements, the chairperson shall declare the meeting adjourned.</p> <p>The remaining paragraphs are omitted.</p>	<p>shareholders present do not represent more than half the total number of issued shares, the chairperson may announce a postponement, with no more than two such postponements exceeding one hour in total allowed. If the shareholders present still do not represent more than one-third of the total number of issued shares after two postponements, the chairperson shall declare the meeting adjourned.</p> <p>The remaining paragraphs are omitted.</p>	
<p>Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company. The voting results, including the name of those elected and the corresponding number of votes received, as well as the name of those not elected and the corresponding number of votes received, shall be announced on the spot. Paragraph 2 is omitted.</p>	<p>Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company. The voting results, including the name of those elected and the corresponding number of votes received, shall be announced on the spot. Paragraph 2 is omitted.</p>	<p>Paragraph 1 is amended to enhance corporate governance and protect shareholders' rights and interests.</p>



## Lifting of Non-compete Clause Against Directors Due to Newly Added Positions

Name	Positions Held in Other Companies	Scope of Business
Chien-Yung Ma	Director, S-Tech Corp. (Note)	Iron and steel smelting, foundry, secondary steelmaking, steel rolling and extrusion, and other basic non-ferrous metal industries
Chii-Feng Huang	None added	Not applicable
Sheng Yuan Investment Co., Ltd.	Managing Director, San Yes Automotive Industry Co. Ltd.	Manufacturing of automobile and scooters and related parts, retail sale of precision instruments, manufacturing of valves, and wholesale of automobile and scooter parts and equipment
	Director, Yi-Li Investment Co., Ltd.	General investment
	Director, Yu-Ying Investment Co., Ltd.	General investment
Representative: Pen-Chan Hung	None added	Not applicable
Rong Ren Foundation for Arts and Culture	None added	Not applicable
Representative: Chun-Yi Huang	Director, Quintain Steel Co., Ltd.	Manufacturing of steel wires and cables
	Supervisor, TSG Aerospace Additive Manufacturing Corp.	Manufacturing of aircrafts and related parts
	Director, Cameo Communications, Inc.	Manufacturing of controlled telecommunications radio-frequency equipment and materials
Taiwan Steel Co., Ltd.	Legal-Person Director, TMP Steel Corporation	Rebar trading and processing
Representative: Hui-Cheng Lin	Director, Chun Bang Precision Co., Ltd.	Manufacturing and sales of molds and pin-punches
	Supervisor, Shanghai Chun Zu Machinery Industry Co., Ltd.	R&D, design, production, and sales of screws, nuts, and parts-forming machines
Jade Colorful Co.	None added	Not applicable
Chang-Po Wu	None added	Not applicable
Mei-Hui Wu	None added	Not applicable
Chen-Ming Fang	None added	Not applicable

(Note) The non-competition shall take effect when the personnel is re-elected and appointed on S-Tech Corp.'s shareholders' meeting to be held on May 25th, 2021.

**Solar Applied Materials Technology Corp.**  
**Rules of Procedure for Shareholders' Meetings**

Approved by the shareholders' meeting on June 28, 2013

Approved by the shareholders' meeting on July 19, 2016

Approved by the shareholders' meeting on December 28, 2016

Approved by the shareholders' meeting on June 19, 2020

Article 1: In order to establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings and strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2: Unless otherwise provided by the relevant laws and regulations or the Company's Articles of Incorporation, the rules of procedure for the Company's shareholders' meetings shall be governed by these Rules.

Article 3: Unless otherwise provided by the relevant laws and regulations, the Company's shareholders' meetings shall be convened by the Board of Directors.

The Company shall prepare the electronic version of the shareholders' meeting notice and power of attorney, and information regarding the subject and explanatory notes for all proposals, including proposals for ratification, matters for deliberation, and election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual shareholders' meeting or 15 days before the date of an extraordinary shareholders' meeting. The Company shall prepare the electronic version of the agenda for an annual shareholders' meeting and supplemental meeting materials, and upload them to MOPS 21 days before the date of an annual shareholders' meeting or 15 days before the date of an extraordinary shareholders' meeting. In addition, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials 15 days before the date of a shareholders' meeting, and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall be displayed at the Company and the professional shareholder services agent designated by the Company, and also distributed on the spot at the meeting venue.

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 delivered electronically.

Election or dismissal of directors; changes in the Articles of Association; capital reduction; application for halting public offering; permission for directors to compete with the Company; capitalization of retained earnings; capitalization of capital reserves; dissolution, merging or demerger of the Company; or all items pertaining to Article 185, Paragraph 1 of the Company Act, shall be listed as reasons to convene the meeting, with their essential contents specified, and shall not be raised as extempore motions. Such essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, with its web address specified on the meeting notice.

The notice to convene a shareholders' meeting shall already specify the full re-election of directors and supervisors, and shall indicate the date of appointment. After completing the re-election process in the shareholders' meeting, change of appointment date may not be raised as an extempore motion or by other means in the same meeting.

A shareholder holding more than one percent of the total number of issued shares may submit to the Company a proposal containing only one item for discussion at an annual shareholders' meeting. Proposals containing more than one item shall not be included in the meeting agenda. However, a shareholder's proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the meeting agenda for discussion at a shareholders' meeting by the Board of Directors. In addition, the Board of Directors may exclude a shareholder's proposal from the meeting agenda if any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act is found in the proposal.

Prior to the book closure date before the convening of an annual shareholders' meeting, the Company shall publish a notice announcing the acceptance of proposals, the method for receiving proposals, either by correspondence or electronic means, the venue and period for shareholders to submit proposals to be discussed at the meeting. The period for receiving proposals shall be not less than 10 days prior thereto.

A proposal to be submitted by a shareholder shall contain no more than 300 words. Any proposal containing more than 300 words shall not be included in the meeting agenda. The shareholder who has submitted a proposal shall attend, either in person or by proxy, the annual shareholders' meeting in which his/her proposal is to be discussed, and shall take part in the discussion of the proposal.

Prior to the date of issuance of notice for a shareholders' meeting, the Company shall notify the shareholders who submitted their proposals of the proposal screening results, and shall list in the meeting notice the proposals that comply with the provisions of this article. The Board of Directors shall explain the reasons for excluding any shareholder proposals from the agenda during the shareholders' meeting.

Article 4: At each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the power of attorney issued by the Company which states the scope of power authorized to the proxy.

A shareholder may appoint only one proxy by providing only one power of attorney, and shall deliver the power of attorney to the Company five days before the date of a shareholders' meeting. In the event that duplicate powers of attorney are delivered to the Company, the first power of attorney arriving at the Company shall prevail, provided that a declaration is issued to cancel the appointment of the proxy as stated in the power of attorney which arrives later.

If the shareholder intends to attend the shareholders' meeting in person or exercise his/her voting rights by correspondence or electronically after a power of attorney has been delivered to the Company, the shareholder shall issue a proxy rescission notice to the Company in writing two days before the date of the shareholders' meeting. If a proxy rescission notice is issued late, the voting rights exercised by the proxy in attendance shall prevail.

Article 5: A shareholders' meeting shall be held at the premises of the Company or a venue which is convenient for shareholders to attend the meeting and is suitable for convening the meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m., with full consideration given to the opinions of the independent directors.

Article 6: The Company shall specify in a shareholders' meeting notice the time during which shareholder attendance registration will be conducted, the venue to register for attendance, and other relevant matters.

The time during which shareholder attendance registration will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting will commence. The venue at which attendance registration are conducted shall be clearly marked and with a sufficient number of suitable personnel assigned to handle the registration.

Shareholders and their proxies (hereinafter referred to as "shareholders") shall attend shareholders' meetings with an attendance card, a sign-in card or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting powers of attorney shall also bring their identification documents for verification.

The Company shall prepare an attendance book for the shareholders present to sign, or the shareholders present may hand in a sign-in card in lieu of signing in.

The Company shall provide the shareholders present with an agenda handbook, an annual report, an attendance card, a speaker's slip, a voting card and other meeting materials. In the event that an election of directors is held, a ballot shall also be provided to them.

When the government or a legal person is a shareholder, the shareholder may appoint more than one representative to attend a shareholders' meeting. When a legal person is appointed to attend a shareholders' meeting as proxy, the legal person may only designate one representative to attend the meeting.

Article 7: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or is unable to exercise his/her powers for any reason, the Vice Chairman shall chair the meeting in place of the Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave or is unable to exercise

his/her powers for any reason, the Chairman shall appoint one of the managing directors to chair the meeting. If there are no managing directors, one of the directors shall be appointed to chair the meeting. In the event that the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to chair the meeting.

In the event that a managing director or a director chairs a shareholders' meeting as mentioned in the preceding paragraph, the managing director or director shall be one who has served in his/her position for more than six months and understands the financial and business status of the Company. The same shall apply to the case in which the representative of a legal-person director chairs a shareholders' meeting.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman in person, and attended by more than half the directors and at least one member of each functional committee on behalf of the committee. Shareholders' attendance shall be recorded in the minutes of shareholders' meetings.

If a shareholders' meeting is convened by a person with the right to convene other than the Board of Directors, the person shall chair the meeting. When there are two or more such persons, they shall mutually select one person from among themselves to chair the meeting. The Company may appoint an attorney, a certified public accountant (CPA) or a related person it authorizes to sit in on a shareholders' meeting in a non-voting capacity.

Article 8: The Company 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, starting from the time when shareholders are allowed to register for attendance at the meeting.

The audio and video recording mentioned in the preceding paragraph shall be kept for at least one year. However, in the event that a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the recording shall be kept until the conclusion of the lawsuit.

Article 9: Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the number of shares indicated in the attendance book and the sign-in card handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time. However, when the shareholders present do not represent more than half the total number of issued shares, the chairperson may announce a postponement, with no more than two such postponements exceeding one hour in total allowed. If the shareholders present still do not represent more than one-third of the total number of issued shares after two postponements, the chairperson shall declare the meeting adjourned.

If the shareholders present still do not represent more than half the total number of issued shares but represent more than one-third of the total number of issued shares after two postponements as mentioned in the preceding paragraph, a tentative resolution may be

adopted in accordance with Article 175, Paragraph 1 of the Company Act. All shareholders shall be notified of the tentative resolution, and another shareholders' meeting shall be convened within one month.

When the shareholders present represent more than half the total number of issued shares before the conclusion of the meeting, the chairperson may resubmit the tentative resolution for voting at the shareholders' meeting in accordance with Article 174 of the Company Act.

Article 10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extempore 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 adopted by the shareholders' meeting.

The provisions of the preceding paragraph shall apply mutatis mutandis to a shareholders' meeting convened by a person with the right to convene other than the Board of Directors. The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda set out in the preceding two paragraphs (including extempore motions), except upon a resolution adopted by the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the shareholders present in electing a new chairperson in accordance with the statutory procedures. The meeting shall continue after a chairperson is elected with the approval of more than half the voting rights represented by the shareholders present.

The chairperson shall allow ample opportunities for explaining and discussing the proposals, amendments or extempore motions raised by the shareholders during the meeting. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

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

A shareholder present who has submitted a speaker's slip but is yet to speak shall be deemed to have not spoken. When the content of a shareholder's speech does not correspond to the subject given on his/her speaker's slip, the spoken content shall prevail. Unless otherwise consented by the chairperson, a shareholder may not speak more than twice on the same proposal, and may only speak for no more than five minutes each time. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate his/her speech.

When a shareholder present is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder who has the floor. Any violation of this rule shall be stopped by the chairperson.

When a legal-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one representative may speak on the same proposal.

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

Article 12: Votes at shareholders' meetings shall be calculated based on the number of shares.

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

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

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

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

Article 13: A shareholder shall be entitled to one vote for each share held; however, this shall not apply to those who are restricted or who do not have the right to vote under Article 179, Paragraph 2 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights electronically and may exercise their voting rights by correspondence. When voting rights are exercised by correspondence or electronically, the method for exercising voting rights shall be specified in the shareholders' meeting notice. A shareholder who exercises his/her voting rights by correspondence or electronically shall be deemed to have attended the meeting in person. However, the shareholder shall be deemed to have waived his/her rights in respect of extempore motions or amendments to original proposals in the meeting. Therefore, the Company is advised to avoid proposing extempore motions and amendments to original proposals.

A shareholder who intends to exercise his/her voting rights by correspondence or electronically as mentioned in the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. In the event that duplicate declarations of intent are delivered to the Company, the first declarations of

intent arriving at the Company shall prevail, provided that a statement is issued to cancel the first declaration of intent as stated in the declaration of intent which arrives later.

If the shareholder intends to attend the shareholders' meeting in person after exercising his/her voting rights by correspondence or electronically, the shareholder shall issue a written declaration of intent to retract the voting rights already exercised in the preceding paragraph to the Company two days before the date of the shareholders' meeting. If a notice of retraction is issued late, the voting rights already exercised by correspondence or electronically shall prevail. When a shareholder has exercised his/her voting rights both by correspondence or electronically and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, a proposal shall be approved upon a resolution adopted by more than half the shareholders present. At the time of voting, the chairperson or a person designated by the chairperson shall first announce the total number of voting shares held by the shareholders present before the shareholders begin to vote for each proposal. The results for each proposal, including the number of votes for and against the proposal and the number of abstentions, shall be uploaded onto MOPS on the same day after the conclusion of the meeting.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal along with the original proposal, and decide the order in which they will be put to a vote. If any one of these proposals is adopted, the other proposals shall be deemed rejected, with no further voting required.

The chairperson shall appoint scrutineers and counting agents to perform vote counting and monitoring for proposals, provided that all scrutineers and counting agents are shareholders at the Company.

Vote counting for proposals or elections at shareholders' meetings shall be conducted in public at the venue of the shareholders' meeting. The voting results, including the tallies of number of votes, shall be announced on the spot after vote counting is completed, and a record of these results shall be made.

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company. The voting results, including the name of those elected and the corresponding number of votes received, shall be announced on the spot.

The ballots cast during the election mentioned in the preceding paragraph shall be sealed by the scrutineers and affixed with their signatures, and then kept properly for at least one year. However, in the event that a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the conclusion of the lawsuit.

Article 15: Matters related to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting, with a copy of the meeting minutes 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 Company may distribute the meeting minutes mentioned in the preceding paragraph via a public announcement made on MOPS.

The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including tallies of the number of voting shares), and disclose the number of voting shares received by each candidate in the event of an election of directors. The meeting minutes shall be kept permanently throughout the existence of the Company.

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

If the resolutions adopted by a shareholders' meeting constitute material information under the relevant laws and regulations or the regulations promulgated by Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the content of these resolutions onto MOPS within the prescribed time period.

Article 17: Staff members in charge of affairs related to a shareholders' meeting shall put on an identification badge or armband.

The chairperson may direct proctors or security personnel to help maintain order at the meeting venue. In the event that proctors or security personnel is roped in to help maintain order at the meeting venue, they shall put on an identification badge or armband bearing the word "Proctor." If a shareholder attempts to speak through any device other than the public address equipment provided at the meeting venue, the chairperson may prevent the shareholder from doing so.

In the event that a shareholder violates the rules of procedure and defies the chairperson's directives by obstructing the proceedings and refusing to stop his/her actions, the chairperson may direct proctors or security personnel to escort the shareholder out of the meeting venue.

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

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

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

Article 19: These Procedures shall take effect upon approval by the shareholders' meeting. The same shall apply to any amendment thereto.

## ARTICLES OF INCORPORATION

June 28<sup>th</sup>, 2019

### Chapter 1 General Provision

- Clause 1: The Company is organized according to the Company Act, and named “Solar Applied Materials Technology Corporation”.
- Clause 2: The Company is engaged in several industries as follows,
1. C801010 Basic Industrial Chemical Manufacturing.
  2. C801030 Precision Chemical Materials Manufacturing.
  3. C801990 Other Chemical Materials Manufacturing.
  4. C802090 Cleaning Products Manufacturing.
  5. C802170 Toxic and Concerned Chemical Substances Manufacturing.
  6. C802990 Other Chemical Products Manufacturing.
  7. C803990 Other Petroleum and Charcoal Manufacturing.
  8. C901010 Pottery and Ceramics Products Manufacturing.
  9. C901060 Refractory Materials Manufacturing.
  10. C901990 Other Non-metallic Mineral Products Manufacturing.
  11. CA01090 Aluminum Casting.
  12. CA01100 Aluminum Rolling, Drawing and Extruding.
  13. CA01110 Copper Refining.
  14. CA01120 Copper Casting.
  15. CA01130 Copper Rolling, Drawing and Extruding.
  16. CA01150 Magnesium Casting.
  17. CA01160 Magnesium Rolling, Drawing and Extruding.
  18. CA01990 Other Non-ferrous Metal Basic Industries.
  19. CA02080 Metal Forging.
  20. CA02090 Metal Wire Products Manufacturing.
  21. CA02990 Other Metal Products Manufacturing.
  22. CA03010 Heat Treatment.
  23. CA04010 Surface Treatments.
  24. CA05010 Powder Metallurgy.
  25. CB01020 Affairs Machine Manufacturing.
  26. CB01030 Pollution Controlling Equipment Manufacturing.
  27. CC01090 Manufacture of Batteries and Accumulators.
  28. CG01010 Jewelry and Precious Metals Products Manufacturing.
  29. E599010 Pipping Engineering.

30. E603100 Electric Welding Engineering.
31. E603120 Sand Blasting Engineering.
32. E604010 Machinery Installation.
33. EZ99990 Other Engineering.
34. F107060 Toxic and Concerned Chemical Substances Wholesale Trade.
35. F107200 Wholesale of Chemical Feedstock.
36. F112040 Wholesale of Petroleum Products.
37. F115010 Wholesale of Jewelry and Precious Metals.
38. F199010 Wholesale of Recycling Materials.
39. F207060 Toxic and Concerned Chemical Substances Retail.
40. F215010 Retail Sale of Jewelry and Precious Metals.
41. F401010 International Trade.
42. J101030 Waste Disposing.
43. J101040 Waste Treatment.
44. J101060 Wastewater (Sewage) Treatment.
45. J101080 Resource Recycling.
46. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Clause 3: The Company is headquartered in Tainan City, and may set up branches in Taiwan and overseas when necessary pursuant to resolutions adopted by the Board of Directors.
- Clause 4: The Company may provide endorsements and guarantees to others based on business needs and the principle of reciprocity.
- Clause 5: The Company shall make public announcements in accordance with Article 28 of the Company Act.

## **Chapter 2 Shares**

- Clause 6: The total capital of the Company is set at NT\$6 billion, which is divided into 600 million shares at a par value of NT\$10 per share. The Board of Directors is authorized to issue unissued shares in installments based on business needs.
- The Company may issue in installments stock warrants, corporate bonds with warrants or preferred shares with warrants totaling up to NT\$ 40 million out of the total capital mentioned in the preceding paragraph, which amounts to 4 million shares at a par value of NT\$10 per share.

- Clause 7: The shares of the Company are registered shares. The share certificates shall be assigned with serial numbers and affixed with the signature or stamp of the director representing the Company. The share certificates shall be duly certified or authenticated by the bank which is competent to certify shares in accordance with the law before they are issued.
- Clause 7-1: The Company may be exempted from printing any share certificate for the shares it issues, and shall register the issued shares with a centralized securities depository enterprise.
- Clause 8: Transfer of shares shall be handled in accordance with Article 165 of the Company Act.

### **Chapter 3 Shareholders' Meeting**

- Clause 9: There are two types of shareholders' meeting, namely annual shareholders' meeting and extraordinary shareholders' meeting. An annual shareholders' meeting shall be convened by the Board of Directors each year within six months after the end of a fiscal year in accordance with Article 172 of the Company Act. An extraordinary shareholders' meeting shall be convened in accordance with the law when necessary. However, shareholders with less than 1,000 shares of the Company may be notified of a shareholders' meeting via public announcements. 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 delivered electronically. Voting rights may be exercised by correspondence or electronically at a shareholders' meeting convened by the Company. Voting rights shall be exercised according to the methods stipulated in the relevant regulations.
- Clause 10: When a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a proxy to attend the meeting on his/her behalf by providing a power of attorney in accordance with Article 177 of the Company Act.
- Clause 11: A shareholder shall be entitled to one vote for each share held; however, there are no voting rights for shares specified in Article 179 of the Company Act and the relevant laws and regulations.
- Clause 12: Unless otherwise provided for in the Company Act, a resolution of a shareholders' meeting shall be adopted with the approval of shareholders representing more than half the voting rights at the meeting attended by shareholders holding more than half the total number of issued shares. If there is no dissenting opinion from the shareholders present against a proposal upon inquiry by the chairperson at the time of voting, the proposal shall be deemed to be adopted with the same effect as if the proposal is adopted through voting.

## Chapter 4 Directors and Audit Committee

- Clause 13: The Company shall appoint five to nine directors whose term of office is three years. Directors shall be elected from among persons with disposing capacity by the shareholders' meeting. Re-elected directors may serve consecutive terms.
- The candidate nomination system shall be adopted in the election of directors in accordance with Article 192-1 of the Company Act. Matters related to the election of directors shall be governed by the relevant laws and regulations, including the Company Act and the Securities and Exchange Act.
- The total number of registered shares held by all the directors at the Company shall be subject to the standards stipulated in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the Securities and Futures Commission, Ministry of Finance.
- Clause 13-1: Among the directors at the Company mentioned above, there shall be no less than two independent directors, and the number of independent directors may not be less than one-fifth of the total number of directors at the Company. The candidate nomination system shall be adopted in the election of independent directors. Independent directors shall be elected from a list of independent director candidates by the shareholders' meeting. The professional qualifications, restrictions on shareholdings and concurrent positions, methods of nomination and election, and other matters associated with independent directors shall be governed by the relevant rules and regulations promulgated by the competent authority in charge of securities affairs.
- Clause 14: The Board of Directors shall be organized by directors. A chairman shall be elected from among the directors by a majority vote at a meeting attended by more than two-thirds of the total number of directors at the Company. A vice chairman shall also be elected in the same manner. The Chairman shall represent the Company in public and carry out all the matters associated with the Company in accordance with the relevant laws and regulations, the Company's Articles of Incorporation, and the resolutions adopted by the shareholders' meeting and the Board of Directors at the Company. When convening a Board of Directors' meeting, the reason for convening the meeting shall be specified in the meeting notice. All directors shall be notified of the meeting seven days prior to the date of the Board of Directors' meeting. However, in case of an emergency, a Board of Directors' meeting may be convened at any time.
- Directors may be notified of the convening of a Board of Directors' meeting as mentioned in the preceding paragraph in writing, by fax or via e-mail.
- Clause 15: When the Chairman is on leave or is unable to exercise his/her powers for any reason, a person shall be elected to act on his/her behalf in accordance with Article 208 of the Company Act.

- Clause 15-1: Unless otherwise provided for in the Company Act, a Board of Directors' meeting must be attended by more than half the total number of directors. A resolution shall be adopted with the approval of more than half the directors present at the meeting. When a director is unable to attend a Board of Directors' meeting for any reason, the director may appoint other directors to attend the meeting on his/her behalf by providing a power of attorney specifying the scope of authority with reference to the reason for convening the meeting; however, a director may only be appointed to serve as a proxy for one other director only. If a Board of Directors' meeting is convened via video conferencing, directors who participate in the meeting via video conferencing shall be deemed to have attended the meeting in person.
- Clause 15-2: When no election of directors is held upon expiration of the existing directors' term of office, their term of office shall be extended until the election and appointment of new directors. However, the competent authority may, ex officio, order the Company to elect new directors within a given time period. In the event that no election of directors is held after the given time period ends, the existing directors shall be discharged upon expiration of the given time period.
- Clause 15-3: When the number of directors falls to less than one-third of the total number of directors required, the Board of Directors shall convene a shareholders' meeting and hold a by-election to fill the vacancies within the time period stipulated in Article 201 of the Company Act.
- Clause 15-4: The Company shall establish the Audit Committee and may set up other functional committees. The Audit Committee shall be fully composed of independent directors, and may not comprise less than three people, where one of the members shall be the convener of the committee, and at least one member shall possess accounting or finance expertise. The Audit Committee shall be responsible for performing the duties and responsibilities of supervisors stipulated in the Company Act, the Securities and Exchange Act, and other laws and regulations, as well as complying the relevant laws and regulations and the Company's Articles of Incorporation. The duties and responsibilities of the Audit Committee and related matters shall be governed by the relevant laws and regulations, and shall be established separately by the Board of Directors.

Clause 16: The duties and responsibilities of the Board of Directors at the Company are listed as follows:

1. Review and implement the business policies of the Company.
2. Review financial movements and audit daily revenue and expenditure at the Company.
3. Review the personnel structure of the Company, and appoint and dismiss key personnel.
4. Prepare the budget and final accounts of the Company.
5. Review and deliberate on the business reports of the Company.
6. Formulate proposals for capital increase or reduction at the Company.
7. Formulate proposals for earnings distribution or making up for losses at the Company.
8. Review and sign external contracts.
9. Review documents related to important regulations at the Company.
10. Handle the assets of the Company.
11. Implement the resolutions adopted in Board of Directors' meetings.
12. Perform other duties and responsibilities granted by the relevant laws and regulations and the shareholders' meeting.

### **Chapter 5 Managers**

Clause 17: The Company shall appoint a president. The appointment, discharge, and remuneration of the President shall be handled in accordance with Article 29 of the Company Act.

Clause 18: Deleted.

### **Chapter 6 Accounting**

Clause 19: The Board of Directors shall prepare the following reports and statements at the end of a fiscal year and submit them to the annual shareholders' meeting for recognition thirty days prior to the date of the annual shareholders' meeting: (1) Business report. (2) Financial statements. (3) Proposal for earnings distribution or making up for losses.

Clause 20: If the Company records a profit in a particular year, the Company shall set aside no less than two percent of its profit as employee remuneration and no more than five percent of its profit as directors' remuneration. However, the Company shall reserve a portion of its profit to make up for losses if the Company still records accumulated loss. Employee remuneration may be distributed in the form of shares or cash. The eligible recipients of employee remuneration may include employees at the subsidiaries of the Company who meet specific conditions.

Clause 20-1: If the Company posts a profit in its final accounts for a particular year, the profit shall be distributed for the purposes listed in the following order.

1. Tax payment.
2. Making up for losses.
3. Setting aside ten percent of the profit as legal reserve. This provision shall not apply when the legal reserve amounts to the total amount of paid-in capital.
4. Setting aside or reversing part of the profit as special reserve pursuant to the relevant regulations or the order of the competent authority.
5. After adding the remaining profit to the undistributed earnings from previous years, the Company may propose an earnings distribution plan at its discretion based on its retained earnings and submit the plan to the shareholders' meeting for approval.

Clause 20-2: Considering the environment to which the Company belongs and its growth in response to its future capital needs and long-term financial planning, the Company shall distribute 50 to 100 percent and 0 to 50 percent of the total amount of dividends upon a resolution adopted in the previous article as stock dividends and cash dividends, respectively. However, the amount and percentage of earnings to be distributed as dividends and the type of dividends to be distributed may be adjusted upon a resolution adopted by the shareholders' meeting based on the actual profit and capital position for a particular year.

### **Chapter 7 Supplementary Provisions**

Clause 21: The amount of the Company's investments in other companies may not exceed 40 percent of its paid-in capital as stipulated in Article 13 of the Company Act.

Clause 22: The Board of Directors shall be authorized to determine the remuneration of directors based on their level of participation and value of contribution to the operations of the Company, as well as by reference to prevailing industry standards. The Company may purchase liability insurance for directors in relation to their scope of duties during their term of office.

Clause 23: Any matters not specified in the Articles of Incorporation shall be governed by the Company Act.

Clause 24: The Company's Articles of Incorporation and bylaws shall be established separately based on the resolutions adopted by the Board of Directors.



Clause 25: The Articles of Incorporation was established on July 14<sup>th</sup>, 1978. First revision was made on May 29<sup>th</sup>, 1979. Second revision was made on July 15<sup>th</sup>, 1983. Third revision was made on June 16<sup>th</sup>, 1984. Fourth revision was made on July 2<sup>nd</sup>, 1986. Fifth revision was made on Feb. 23<sup>rd</sup>, 1987. Sixth revision was made on Mar. 16<sup>th</sup>, 1987. Seventh revision was made on Sep. 20<sup>th</sup>, 1988. Eighth revision was made on Oct. 20<sup>th</sup>, 1990. Ninth revision was made on Nov. 26<sup>th</sup>, 1990. Tenth revision was made on July 26<sup>th</sup>, 1993. Eleventh revision was made on Sep. 7<sup>th</sup>, 1993. Twelfth revision was made on Apr. 15<sup>th</sup>, 1994. Thirteenth revision was made on Oct. 22<sup>nd</sup>, 1994. Fourteenth revision was made on Dec. 19<sup>th</sup>, 1994. Fifteenth revision was made on Oct. 14<sup>th</sup>, 1998. Sixteenth revision was made on Sep. 8<sup>th</sup>, 1999. Seventeenth revision was made on Sep. 28<sup>th</sup>, 1999. Eighteenth revision was made on May 10<sup>th</sup>, 2000. Nineteenth revision was made on June 23<sup>rd</sup>, 2000. Twentieth revision was made on Sep. 19<sup>th</sup>, 2000. Twenty-First revision was made on Oct. 28<sup>th</sup>, 2000. Twenty-Second revision was made on Oct. 6<sup>th</sup>, 2001. Twenty-Third revision was made on April 7<sup>th</sup>, 2002. Twenty-Fourth revision was made on Nov. 5<sup>th</sup>, 2002. Twenty-Fifth revision was made on June 30<sup>th</sup>, 2003. Twenty-Sixth revision was made on June 24<sup>th</sup>, 2004. Twenty-Seventh revision was made on June 23<sup>rd</sup>, 2005. Twenty-Eighth revision was made on June 21<sup>st</sup>, 2006. Twenty-Ninth revision was made on June 13<sup>th</sup>, 2007. Thirtieth revision was made on June 13<sup>th</sup>, 2008. Thirty-First revision was made on June 19<sup>th</sup>, 2009. Thirty-second revision was made on June 15<sup>th</sup>, 2010. Thirty-third revision was made on June 10<sup>th</sup>, 2011. Thirty-fourth revision was made on June 21<sup>st</sup>, 2012. Thirty-fifth revision was made on June 28<sup>th</sup>, 2013. Thirty-sixth revision was made on June 12<sup>th</sup>, 2015. Thirty-seventh revision was made on July 19<sup>th</sup>, 2016. Thirty-eighth revision was made on June 16<sup>th</sup>, 2017. Thirty-ninth revision was made on June 15<sup>th</sup>, 2018. Fortieth revision was made on June 28<sup>th</sup>, 2019.

## **Solar Applied Materials Technology Corp.**

### **Code of Ethical Conduct**

#### Article 1 Purpose and Basis for Adoption

The Code of Ethical Conduct is formulated to guide the conduct of employees at the Company and its subsidiaries in compliance with ethical standards and enable stakeholders to understand the ethical standards that employees at the Company must comply with when performing their duties.

#### Article 2 Content of the Code

##### (1) Preventing Conflicts of Interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interests of the Company, where a director or manager of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of his/her position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to loaning of funds, provision of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the abovementioned personnel works.

The Company shall adopt policies for preventing conflicts of interest and also offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company.

##### (2) Minimizing Incentives to Pursue Personal Gain:

The Company shall prevent its directors or managers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain using company property or information or by taking advantage of their positions. (2) Obtaining personal gain using company property or information or by taking advantage of their positions. (3) Competing with the Company.

When the Company has an opportunity for profit, it is the responsibility of the directors and managers to maximize the reasonable and proper benefits that can be obtained by the Company.

##### (3) Confidentiality:

Directors and managers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers.

##### (4) Fair Trade:

Directors and managers shall treat all suppliers, customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(5) Safeguarding and Proper Use of Company Assets

Directors and managers have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes. Any theft, negligence in care, or waste of company assets will directly impact the Company's profitability.

(6) Legal Compliance:

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

(7) Encouraging Reporting on Illegal or Unethical Activities:

The Company shall raise awareness of ethics internally and encourage employees to report to the Audit Committee, managers, chief internal auditor or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.

(8) Disciplinary Measures:

In the event that a director or manager violates the Code of Ethical Conduct, the Company shall identify the relevant facts and evidence related to the violation and report the violation to the Board of Directors to decide on how to handle the case and the disciplinary actions to be taken, and shall disclose on the Market Observation Post System (MOPS), without delay, information such as the date of the violation, the reasons for the violation, the provisions of the Code of Ethical Conduct violated, and the disciplinary actions taken. The Company shall also establish a relevant complaint system to provide the person who violates the Code of Ethical Conduct with remedies.

Article 3 Procedures for Exemption

The Code of Ethical Conduct adopted by the Company must require that any exemption for directors or managers from compliance with the Code of Ethical Conduct be approved by a resolution adopted by the Board of Directors, and that information on the date when the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on MOPS.

Article 4 Method of Disclosure

The Company shall disclose the Code of Ethical Conduct it has adopted and any amendments thereto on its company website, in its annual reports and prospectuses, and on MOPS.

Article 5 Implementation

The Company's Code of Ethical Conduct shall take effect upon approval by the Board of Directors, and shall be submitted to the Audit Committee for review and reported to the shareholders' meeting. The same shall apply to any amendment thereto.

## **Solar Applied Materials Technology Corp.**

### **Rules for Election of Directors**

Approved by the shareholders' meeting on June 30, 2003

Approved by the shareholders' meeting on June 21, 2006

Approved by the shareholders' meeting on March 20, 2015

Approved by the shareholders' meeting on June 12, 2015

Approved by the shareholders' meeting on July 19, 2016

- Article 1: The election of directors at the Company is conducted in accordance with these Rules.
- Article 2: Unless otherwise specified in the Company's Articles of Incorporation, the cumulative voting method shall be adopted in the election of directors (including independent directors) at the Company. Each share shall have voting rights equal to the number of directors (including independent directors) to be elected, and may be cast for a single candidate or split among multiple candidates. Candidates who receive votes representing the most voting shares shall be elected directors (including independent directors). Attendance card number printed on a ballot may be used in place of the name of a voter. In the event that the election of independent directors and non-independent directors is held simultaneously, the number of independent directors and non-independent directors elected shall be calculated separately.
- Article 3: The Board of Directors shall prepare ballots in numbers equal to the number of directors (including independent directors) to be elected, and shall issue the ballots to the shareholders attending the shareholders' meeting according to their attendance card number, with the number of voting shares indicated on the ballots.
- Article 4: Directors (including independent directors) at the Company shall be elected from among persons with disposing capacity by the shareholders' meeting. The number of directors (including independent directors) is stipulated in the Company's Articles of Incorporation. The registered cumulative voting method shall be adopted in the election of directors (including independent directors). The candidate nomination system shall be adopted in the election of directors (including independent directors). Candidates shall be subject to the procedures in the candidate nomination system stipulated in Articles 192-1 and 216-1 of the Company Act. Candidates who receive votes representing the most voting shares shall be elected in order according to the number of votes they receive. If two or more candidates receive the same number of votes, thus exceeding the prescribed number of positions, they shall draw lots to determine who will be elected. If the candidates are not present, the chairperson shall draw lots on their behalf.

Article 4-1: The candidate nomination system shall be adopted in the election of independent directors at the Company. Shareholders shall elect independent directors from among those listed as independent director candidates.

Prior to the book closure date before the convening of a shareholders' meeting, the Company shall publish a notice specifying a period for receiving nominations of independent director candidates, the number of independent directors to be elected, the venue for receiving such nominations, and other necessary matters. The period for receiving nominations shall be no less than 10 days.

The Company's Board of Directors or shareholders holding more than one percent of the total number of issued shares may provide a list of independent director candidates as a reference for the election of independent directors. However, the number of independent directors nominated shall not exceed the number of independent directors to be elected. The same shall apply to the number of independent director candidates nominated by the Board of Directors.

Other matters to be complied with shall be governed by the Company Act and the relevant regulations promulgated by the competent authority in charge of securities affairs.

Article 5: Before an election begins, the chairperson shall appoint a number of scrutineers (shareholders present) and counting agents to perform duties related to vote monitoring and counting, respectively.

Article 6: Ballot boxes used for the election of directors shall be prepared and provided by the Board of Directors, and shall be inspected by the scrutineers in public before voting begins.

The ballots cast during the election mentioned in the preceding paragraph shall be sealed by the scrutineers and affixed with their signatures, and then kept properly for at least one year. However, in the event that a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the conclusion of the lawsuit.

Article 7: If a candidate is a shareholder, a voter must fill the account name and shareholder account number of the candidate in the candidate column on the ballot. If a candidate is not a shareholder, a voter shall fill the full name and identification card number of the candidate. However, when a candidate is a government or legal-person shareholder, the name of the government or legal-person shareholder shall be filled in the candidate column on the ballot, or both the name of the government or legal-person shareholder and the name of its representative may be filled. In case of multiple representatives, the name of each representative shall be filled.

Article 8: A ballot is invalid under any of the following circumstances:

1. The ballot prepared in accordance with these Rules is not used.
2. Words other than the account name (full name) and shareholder account number (identification card number) of the candidate filled and the number of voting shares allotted are included.
3. The writing is unclear and indecipherable.

4. In the event that the candidate filled is a shareholder, the account name and shareholder account number of the candidate are not consistent with those indicated in the shareholder register. In the event that the candidate filled is not a shareholder, the full name and identification card number of the candidate are not consistent upon inspection.
5. The account name (full name) and shareholder account number (identification card number) of the candidate are not filled.
6. The number of candidates filled exceeds the number of directors required to be elected.
7. A ballot is not placed into the ballot box or a blank ballot is cast.

Article 9: After all the ballots have been cast, the scrutineers shall open the ballot boxes and proceed with vote counting.

Article 10: If a ballot is questionable, the scrutineers shall verify whether it will be invalidated. Invalid ballots shall be placed separately, and the number of invalid ballots and corresponding voting shares shall be recorded after vote counting is completed. These ballots shall be indicated as invalid votes by the scrutineers and affixed with their signatures.

Article 11: In the event that an elected director is confirmed to be ineligible or unsuitable for the position in accordance with the relevant laws and regulations, the vacancy shall be filled by the candidate receiving the next highest number of votes.

Article 12: After the scrutineers verify the total number of valid and invalid votes, the number of valid votes and corresponding voting shares, and the number of invalid votes and corresponding voting shares shall be filled on the record sheet. The chairperson shall announce the name and shareholder account number of the candidates elected.

Article 13: Any matters not specified here in these Rules shall be governed by the Company Act and the relevant regulations.

Article 14: These Rules shall take effect upon approval during the shareholders' meeting. The same shall apply to any amendment thereto.

**Solar Applied Materials Technology Corp. Status of Shareholding by Directors****Book Closure Date: April 20, 2021**

Title	Name	Number of Shares Held	Shareholding Ratio (%)
Chairman	Chien-Yung Ma	795,477	0.13%
Director	Chii-Feng Huang	6,125,462	1.03%
Director	Rong Ren Foundation for Arts and Culture Representative: Chun-Yi Huang	287,993	0.05%
Director	Jade Colorful Co. (Legal Representative: Cho-Ying Ching)	1,140	0.00%
Director	Taiwan Steel Co., Ltd. Representative: Hui-Cheng Lin	2,287,086	0.39%
Director	Sheng Yuan Investment Co., Ltd. Representative: Pen-Chan Hung	10,405,064	1.76%
Independent Director	Chang-Po Wu	0	0.00%
Independent Director	Mei-Hui Wu	0	0.00%
Independent Director	Chen-Ming Fang	0	0.00%
Number and percentage of shares held by all directors		19,902,222	3.36%

1. The paid-in capital of the Company is NT\$5,919,312,430, and the number of issued shares is 591,931,243.
2. The Securities and Exchange Act stipulates that for a company whose paid-in capital is more than NT\$4 billion but no more than NT\$10 billion, the total number of registered shares owned by all directors shall be no less than four percent of the total number of issued shares. If a company has elected more than two independent directors, the shareholding percentage of all directors and supervisors other than independent directors shall be decreased to 80 percent of the aforesaid percentage. The minimum number of shares that should be held by all directors is 18,941,799.