

2025 Annual General 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.

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|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Method of Convening: | Physical Shareholders' Meeting |
| Meeting Date: | June 12, 2025 |
| Meeting Venue: | 2nd Floor, No. 31, Gongye 2nd Rd., Annan Dist., Tainan City(Meeting Room 207, Southern Taiwan Innovation & Research Park, Industrial Development Bureau) |

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2024 Annual Shareholders' Meeting Procedures

1. Call the Meeting to Order
2. Chairperson's Address
3. Reports Item
4. Matters for Ratification
5. Discussion Items
6. Extempore Motion
7. Adjournment

2025 Annual General Meeting of Shareholders Agenda

Meeting Time: 9:00 AM on Thursday, June 12, 2025

Meeting Location: 2nd Floor, No. 31, Gongye 2nd Rd., Annan Dist., Tainan City
(Room 207, Southern Taiwan Innovation & Research Park,
Industrial Development Bureau).

1. Call the Meeting to Order

2. Chairperson's Address

3. Reports Item

- (1) 2024 Business Report.
- (2) Audit Committee's Review Report on the 2024 Financial Statements.
- (3) Report on the Distribution of Cash Dividends from 2024 Earnings.
- (4) Report on the Distribution of Employee and Director Remuneration for 2024.
- (5) Report on the Review Results of the Separation Case.
- (6) Report on the Amendment to the Company's "Corporate Governance Best Practice Principles".

4. Matters for Ratification

- (1) 2024 Annual Business Report and Financial Statements.
- (2) 2024 Earnings Distribution Proposal.

5. Discussion Items

- (1) Discussion on the Amendment to the Company's "Articles of Incorporation".
- (2) Discussion on the Amendment to the Company's "Procedures for Lending Funds to Others".
- (3) Discussion on the Amendment to the Company's "Procedures for Endorsement and Guarantee".
- (4) Discussion on the Amendment to the Company's "Procedures for Election of Directors".
- (5) Discussion on the Separation of the Company's Semiconductor Business.
- (6) Discussion on the Amendment to the Company's "Procedures for Engaging in Derivatives Transactions".

- (7) Discuss the plan for assisting the subsidiary company, XALLOY Advanced Materials Corporation, in its future application for TPEx (Taipei Exchange) listing. The company may carry out phased stock divestment operations and waive participation in the subsidiary's cash capital increase plan.
- (8) Discussion on the removal of non-competition restrictions for the 10th Directors of the Company.

6. Extempore Motion

7. Adjournment

Reports Item

1. Business Report for 2024, for your examination.

Description: For the Business Report for 2024, please refer to Attachment 1 of this handbook (pages 13-18).

2. Audit Committee's Review Report on the 2024 Financial Statements, for your examination.

Description: For the Audit Committee's Review Report, please refer to Attachment 2 of this handbook (pages 19-20).

3. Report on the Distribution of Cash Dividends from 2024 Earnings, for your examination.

Description:

- (1) According to Article 20-1 of the Company's "Articles of Incorporation," when earnings are distributed as cash dividends, the Board of Directors is authorized to resolve such distribution with the attendance of at least two-thirds of the Directors and the approval of a majority of the attending Directors, and shall report such distribution to the shareholders' meeting.
 - (2) The 16th meeting of the 10th Board of Directors of the Company approved on May 2, 2025, a cash dividend of NT\$2 per share for fiscal year 2024, with a total cash dividend distribution of NT\$1,192,142,486.
 - (3) The distribution of cash dividends shall be determined by the Chairman, who is authorized by the Board of Directors to set the ex-dividend record date and payment date. Subsequently, if there are changes in the number of the Company's outstanding shares due to factors such as the issuance of restricted employee shares or share repurchases, which affect the dividend distribution ratio to shareholders, the Chairman is authorized to adjust the dividend distribution ratio.
 - (4) Cash dividends shall be calculated to the nearest NT dollar (amounts less than NT\$1 shall be disregarded). Fractional amounts of less than NT\$1 from this cash dividend distribution shall be recorded as other income of the Company.
4. Report on the distribution of employee and director remuneration for, for your examination.

Description:

- (1) In accordance with Article 20 of the Company's "Articles of Incorporation," if the Company has profits for the year, it shall allocate no less than two percent as employee compensation and no more than five percent as director compensation. However, if the Company still has accumulated losses, it shall first reserve an amount to offset such losses.
 - (2) The Company's employee compensation for fiscal year 2024 is allocated at a rate of 3% of pre-tax net profit, amounting to NT\$78,698,527, and director compensation is allocated at a rate of 2.1% of pre-tax net profit, amounting to NT\$55,088,970.
 - (3) The aforementioned employee and director compensation will both be distributed in cash.
5. Report on the review results of the spin-off Case, please review.

Description:

- (1) Report on the review results by the Audit Committee in exercising its authority pursuant to Article 6, Paragraphs 1 and 2 of the "Business Mergers and Acquisitions Act" regarding the spin-off case between the Company and XALLOY Advanced Materials Corporation.
 - (2) The review results report is available in Attachment 3 (page 21) of this handbook.
6. Report on the amendment of the Company's "Corporate Governance Best Practice Principles", please review.

Description:

- (1) In accordance with the amendment to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" by Taipei Exchange in its letter No. 11300702862 dated August 29, 2024, the Company hereby amends its relevant provisions of the "Corporate Governance Best Practice Principles".
- (2) The comparison table of provisions before and after amendment is available in Attachment 4 (page 22) of this handbook.

Matters for Ratification

Proposal1: The 2024 Business Report and Financial Statements, please ratify. (Proposed by the Board of Directors)

Description:

1. The Company's 2024 Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by the Audit Committee and approved by the Board of Directors. The aforementioned financial statements have been audited and certified by CPAs Chao-Chin Yang and Chi-Chen Li of Deloitte Taiwan.
2. The Business Report and Financial Statements mentioned on the previous page are available in Attachment 1 (pages 13-18) and Attachment 5 (pages 23-42) of this handbook.

Resolution:

Proposal 2: The 2024 Earnings Distribution Plan, please ratify. (Proposed by the Board of Directors)

Description:

1. The Company's 2024 earnings distribution plan has been approved by the Board of Directors on May 2, 2025, and has been audited by the Audit Committee.
2. The Company's 2024 earnings distribution plan is proposed as follows:

Unit: NTD

| Item | Amount |
|---------------------------------------------------------------------------|------------------|
| Beginning unappropriated retained earnings | \$1,582,957,786 |
| Plus: Other comprehensive income - Remeasurement of defined benefit plans | 708,329 |
| Adjusted unappropriated retained earnings | 1,583,666,115 |
| Net income after tax for the current year | 1,903,387,682 |
| Appropriation of 10% legal reserve | (190,409,601) |
| Reversal of special reserve | 96,942,615 |
| Distributable earnings for the current period | 3,393,586,811 |
| Earnings distribution items: | |
| Shareholder dividends - cash (596,071,243 shares * NT\$2 per share) | 1,192,142,486 |
| Unappropriated retained earnings at the end of period | \$ 2,201,444,325 |

3. Beginning retained earnings of 2024 plus adjustments, plus net income after tax for the current year, less appropriation of 10% legal reserve and reversal of special reserve, there is still distributable earnings for 2024. For this year, it is proposed to distribute a cash dividend of NT\$2 per share. As of May 2, 2025, the Company has 596,071,243 issued and outstanding common shares, with a planned total cash dividend distribution of

NT\$1,192,142,486.

4. The Chairman is authorized by the Board of Directors to set the ex-dividend date and payment date for the cash dividend distribution. Subsequently, if there are changes in the number of the Company's outstanding shares due to factors such as the issuance of restricted employee shares or share repurchases, which affect the dividend distribution ratio to shareholders, the Chairman is authorized to adjust the dividend distribution ratio.
5. Cash dividends shall be calculated to the nearest NT dollar (amounts less than NT\$1 shall be disregarded). Fractional amounts of less than NT\$1 from this cash dividend distribution shall be recorded as other income of the Company.

Resolution:

Matters for Discussion

Proposal1: Discussion on amending the Company's "Articles of Incorporation", submitted for deliberation. (Proposed by the Board of Directors)

Description:

1. In accordance with the Financial Supervisory Commission's Interpretation Letter No. 11303854422 issued on November 8, 2024, requiring TWSE/TPEx listed companies to complete the amendment of their Articles of Incorporation pursuant to Article 14, Paragraph 6 of the Securities and Exchange Act no later than the 2025 shareholders' meeting, the relevant provisions of the Company's "Articles of Incorporation" are hereby amended.
2. The business items operated by the Company have been added and amended.
3. For the comparison table of amended provisions, please refer to Attachment 6 of this handbook (pages 43-46).

Resolution:

Proposal 2: Discussion on the amendment of the Company's "Procedures for Lending Funds to Others", please review and resolve. (Proposed by the Board of Directors)

Description:

1. In accordance with Article 14-5, Paragraph 6 of the Securities and Exchange Act, the relevant provisions of the Company's "Procedures for Lending Funds to Others" have been amended.
2. For the comparison table of amended provisions, please refer to Attachment 7 of this handbook (pages 47-48).

Resolution:

Proposal3: Discussion on the amendment of the Company's "Procedures for Endorsements and Guarantees", please review and resolve. (Proposed by the Board of Directors)

Description:

1. In accordance with Article 14-5, Paragraph 6 of the Securities and Exchange Act, the relevant provisions of the Company's "Procedures for Endorsements and Guarantees".
2. For the comparison table of amended provisions, please refer to Attachment 8 of this handbook (page 49).

Resolution:

Proposal 4: Discussion on the amendment of the Company's "Procedures for Election of Directors", please review and resolve. (Proposed by the Board of Directors)

Description:

1. To make the election procedures clearer, the relevant provisions of the Company's

"Procedures for Election of Directors" have been amended.

2. For the comparison table of amended provisions, please refer to Attachment 9 of this handbook (page 50-51).

Resolution:

Proposal 5: Discussion on the Company's semiconductor business spin-off, please discuss.
(Proposed by the Board of Directors)

Description:

1. To achieve professional division of labor and organizational restructuring in order to enhance competitiveness and operational performance, it is proposed to spin off the relevant operations of the semiconductor business (including assets and liabilities) through a division of the existing company. This spin-off is an organizational adjustment that should have no impact on the equity of the Company's shareholders.
2. The spin-off value of business operations, assets and liabilities to be transferred in this spin-off case are tentatively based on the Company's financial statements as of December 31, 2024, which have been audited and certified by the accountants, taking into consideration factors such as depreciation, capital expenditure plans, and estimated changes in the value of relevant items up to the spin-off reference date. However, the actual spin-off amount will be based on the book value as of the spin-off reference date.
3. The business value to be transferred in this spin-off case by the Company is estimated to be NT\$938,822 thousand, to be exchanged for 1 share of common stock issued by the new company at NT\$10 per share, with a par value of NT\$10 per share. The Company will exchange for a total of 30,000 thousand shares of common stock in the new company. If the value is insufficient to exchange for one share, the new company will make a one-time cash payment to the Company based on the business value that is insufficient for share exchange.
4. The spin-off reference date for this spin-off case is tentatively set for October 1, 2025. However, if there is a need to adjust the spin-off reference date due to operational schedule requirements, it is proposed to authorize the Chairman to handle this with full authority.
5. If adjustments are necessary to the business scope, business value (including assets and liabilities), share exchange ratio, operational timeline (including but not limited to the spin-off reference date) of the split business, or if there are other matters not covered, or due to administrative guidance from regulatory authorities or relevant legislative matters, or changes required by objective circumstances, it is proposed to request the shareholders' meeting to authorize the Board of Directors to handle these matters with full authority.
6. For relevant documents such as the spin-off plan, please refer to Attachment 10 (pages 52-72) of this handbook.

Resolution:

Proposal 6: Discussion on the amendment to the Company's "Procedures for Engaging in Derivatives Transactions," submitted for deliberation. (Proposed by the Board of Directors)

Description:

1. To align with changes in organizational nomenclature, relevant provisions of the Company's "Procedures for Engaging in Derivatives Transactions" are hereby amended.
2. For the comparison table of the amended provisions, please refer to Attachment 11 (page 73-74) of this handbook.

Resolution:

Proposal 7: Discussion on the Company's plan to gradually divest shares of the subsidiary, XALLOY Advanced Materials Corporation, in coordination with its future application for TPEX listing, and to waive participation in said subsidiary's cash capital increase plan, submitted for discussion. (Proposed by the Board of Directors)

Description:

1. To support the operational development of the subsidiary XALLOY Advanced Materials Corporation (hereinafter referred to as the "TPEX-listing Subsidiary"), attract and retain necessary professional talent, and comply with regulations for TPEX listing application, the Company's shareholding in the subsidiary must be reduced to below 70% before applying for TPEX listing. Moreover, at the time of TPEX listing, the combined shareholding of the Company and its subsidiaries, as well as the directors, supervisors, and representatives of the aforementioned companies, and shareholders who hold more than 10% of the total shares of the aforementioned companies, along with their related parties, must not exceed 70% of the TPEX-listing Subsidiary's issued shares at the time of listing. The planned share distribution for the future TPEX listing application is designed to maintain the Company's control over the TPEX-listing Subsidiary (as stated in Explanation 3 of this agenda item) while keeping the Company's shareholding below 70% of the issued shares at the time of listing. Therefore, prior to the TPEX listing of the subsidiary, the Company may conduct share divestment and/or waive subscription rights for all or part of the shares in one or multiple phases according to the following methods.

(1) Waiver of subscription to cash capital increase:

The issuance price for the TPEX-listing Subsidiary's cash capital increase should not be lower than the net value per share as shown in the most recent financial statements of the TPEX-listing Subsidiary audited or reviewed by a certified public accountant prior to the board meeting that approves the cash capital increase. However, if the shares are already traded at securities firms' business premises, the price should be determined based on the market price at that time, while still not falling below the aforementioned

net value.

Considering the operational development, attraction and retention of professional talent to achieve the goal of improving management performance, 15% of the cash capital increase shares shall be legally reserved for subscription by employees of the TPEX-listing Subsidiary and qualifying employees of controlling or affiliated companies with certain conditions. Additionally, in accordance with Article 28-1 of the Securities and Exchange Act and related regulations, all shares should be allocated for public offering and underwriting. The Company may waive its right to subscribe to shares from the TPEX-listing Subsidiary's cash capital increase and encourage the TPEX-listing Subsidiary to offer the waived subscription shares to specific persons, prioritizing eligible shareholders of the Company, employees of the Company and its affiliated enterprises, and strategic or financial investors who would benefit the operational development of the TPEX-listing Subsidiary. Eligible shareholders of the Company refer to those recorded in the Company's shareholder register as of the most recent book closure date when subscription to the TPEX-listing Subsidiary's cash capital increase shares becomes available, with subscription rights calculated proportionally based on their recorded shareholdings. However, the actual cash capital increase issuance price, number of shares, specific persons to be approached, operational timeline, and other relevant matters shall be determined according to the decision of the chairman of the board of directors of the company planning to be TPEX-listing Subsidiary.

(2) Disposal of shares held in the TPEX-listing Subsidiary:

The disposal price of the TPEX-listing Subsidiary shares by the Company should not be lower than the net value per share as shown in the most recent financial statements of the TPEX-listing Subsidiary audited or reviewed by a certified public accountant prior to the board meeting that approves the disposal of the TPEX-listing Subsidiary shares. However, if the shares are already traded at securities firms' business premises, the price should be determined based on the market price at that time, while still not falling below the aforementioned net value.

The Company's disposal of the TPEX-listing Subsidiary shares will be targeted at shareholders recorded in the Company's shareholder register as of the most recent book closure date, with subscription rights calculated proportionally based on their recorded shareholdings, or strategic or financial investors who would benefit the operational development of the TPEX-listing Subsidiary. Furthermore, considering the operational development of the TPEX-listing Subsidiary, attraction and retention of professional talent to achieve the goal of improving management performance, for any shares not subscribed by the Company's shareholders or portions with insufficient subscription, the Chairman is authorized to find specific persons for subscription. The transaction counterparties will principally be employees of the TPEX-listing Subsidiary, employees of the Company and its affiliated enterprises, and strategic or financial investors who would benefit the operational development of the TPEX-listing Subsidiary.

However, the actual transaction price, number of shares, selection of transaction counterparties, and operation timeline shall be proposed to the shareholders' meeting to authorize the Company's Chairman to determine based on the market conditions at that time and the operational status of the TPEX-listing Subsidiary, and shall be handled in

accordance with the Company's then-current procedures for acquisition or disposal of assets.

2. For the future share release required for the TPEX-listing Subsidiary's application for registration on the Emerging Stock Market or TPEX listing, the Company shall allocate shares for securities dealers' subscription and over-allotment in accordance with relevant laws and TPEX-related regulations. The number of shares allocated and their price shall be jointly determined with the underwriter according to relevant laws and TPEX-related regulations, market conditions at that time, and the operational status of the TPEX-listing Subsidiary.
3. After completing the aforementioned share disposals and/or waiver of cash capital increase subscription, the Company's direct or indirect combined shareholding ratio in the TPEX-listing Subsidiary, at the time of its TPEX listing, should still not be lower than 50%, in order to maintain control and maximize group synergy.

Resolution:

Proposal 8: Proposal to release the non-competition restrictions on the 10th term Directors of the Company, submitted for deliberation. (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 shareholders' meeting the essential contents of such an act and obtain its approval.
2. The Directors elected at the Company's 2023 shareholders' meeting, due to their concurrent positions, are involved in activities regulated under Article 209 of the Company Act. Under the premise that there is no harm to the Company's interests, it is proposed to request the shareholders' meeting to approve the release of non-competition restrictions for the Directors and their representatives. Please refer to Attachment 12 (page 75) for the list of individuals and details of the release.

Resolution:

Extempore Motion

Adjournment



2024 Business Report

To Our Esteemed Shareholders:

First of all, on behalf of SOLAR, I would like to express our sincere gratitude to all shareholders! Thank you for your unwavering support and trust in SOLAR over the past year. Your support is the driving force behind our continuous pursuit of excellence and innovation.

Looking back at 2024, the global economy continued to face multiple challenges. From ongoing geopolitical conflicts to uncertainties in global supply chains, and the continuous impact of environmental and climate change, various risk factors have profoundly affected markets and business operations. Despite this, SOLAR has consistently maintained a robust strategic layout, precisely responding to various challenges, and continuing to promote steady corporate development in a changing environment.

During this challenging period, we not only accelerated our lean manufacturing and digital transformation initiatives, but also actively promoted zero-carbon transition and sustainable development. Whether enhancing production efficiency or strengthening the application of innovative technologies, SOLAR has always focused on improving operational efficiency and enhancing customer value, striving to move forward steadily in an uncertain market.

Facing an increasingly complex global competitive landscape, SOLAR continues to strengthen deep cooperation with global customers and maintain flexible responsiveness. We actively build long-term strategic partnerships, working together with partners from various sectors to achieve value growth, and ensuring that the company can continuously create win-win situations in an ever-changing market.

Looking ahead to the year 114, despite the many challenges still facing the global economy and markets, we believe that SOLAR can enhance its core competitiveness through continuous innovation and investment. As always, we will focus on accelerating digital transformation, enhancing our green manufacturing and sustainable development capabilities, and further expanding our leading position in the global market.

In the future, we will continue to uphold the business philosophy of "steady innovation and continuous improvement," actively create more growth opportunities, and ensure that every shareholder can share in the results of the company's long-term stable growth.

Once again, thank you for the support and patronage of all shareholders. We firmly believe that

in the days to come, SOLAR will work together with all of you to meet challenges and create a brighter future, generating greater value for shareholders.

1. Business Results of the Previous Year (2024)

(1) Results of the Business Plan Implementation

The Company's consolidated net operating revenue for 2024 was NT\$29.77 billion, representing an increase of 31.6% compared to 2023. The consolidated net profit after tax for 2024 was NT\$1.9 billion, with earnings per share after tax of NT\$3.21.

(2) Budget Implementation Status

The Company's internal budget for 2024 was approved by the Board of Directors but the financial forecast was not publicly disclosed. The overall operational status was good.

(3) Analysis of Financial Income, Expenditure, and Profitability

1. Financial Income and Expenditure

Unit: NT\$ Thousand; %

| Item | 2024 | 2023 | Amount of Increase (Decrease) | Percentage of Increase (Decrease) |
|------------------|---------|---------|-------------------------------|-----------------------------------|
| Interest Income | 83,409 | 60,066 | 23,343 | 38.9 |
| Interest Expense | 304,987 | 366,952 | (61,965) | (16.9) |

2. Profitability Analysis

Unit: NTD; %

| Item | 2024 | 2023 |
|------------------------------------------------|-------|-------|
| Return on Assets (%) | 7.43 | 5.13 |
| Return on Equity (%) | 13.95 | 8.15 |
| Ratio of Pre-tax Profit to Paid-in Capital (%) | 39.64 | 21.61 |
| Net Profit Margin (%) | 6.38 | 4.71 |
| Earnings Per Share (NT\$) | 3.21 | 1.83 |

(4). Research and Development Status

1. Research and Development Expenditures and Achievements of the Company for the Past Two Years

Unit: NT\$ Thousand; %

| Year Item | 2024 | 2023 |
|---------------------------------------|---------|---------|
| Research and Development Expenditures | 397,177 | 371,394 |

| | | |
|-----------------------|------------|------------|
| Net Operating Revenue | 29,769,958 | 22,629,192 |
| Ratio | 1.33 | 1.64 |

2. The technical research and development achievements are as follows:

SOLAR focuses on the development of three major industries: storage media, displays, and electronic semiconductors, developing products for these three industries

SOLAR focuses on the development of three major industries: storage media, displays, and electronic semiconductors, developing products such as thin film sputtering materials, evaporation materials, wire materials, and chemicals needed for these three industries. In addition to being a stable supplier for customers, SOLAR actively collaborates with market leaders to develop various new materials and expand into new application markets. In response to the rapid growth of cloud storage, SOLAR is actively developing next-generation heat assisted magnetic recording (HAMR) materials, and applying its core magnetic material technology to non-volatile memory (MRAM) and magnetic sensing components, achieving significant results in expanding into new markets.

As our products penetrate the semiconductor supply chain, we are accelerating the development of ultra-high purity, ultra-fine large-size semiconductor advanced targets, developing niche semiconductor equipment components, providing more comprehensive services to semiconductor customers, and forming a complete circular economy framework for the semiconductor industry.

3. Future Development Research Plans:

To implement the core values of "Green Environmental Protection," "Value Creation," and "Sustainable Development," SOLAR continues to develop precious and rare metal recycling and refining technologies under the Green Complete Circular Economy (GCCE) model, increasing the range of recovered elements and waste types while improving refining purity, and implementing green complete circular economy technology to make SOLAR's product portfolio more comprehensive and competitive. SOLAR will continue to focus its future research and development on three major industrial application areas: storage media, displays, and electronic semiconductors, developing new memory materials, new optical materials, and advanced semiconductor materials.

2. Summary of Business Plan for the Current Year (2025)

(1) Management Policy

In 2025, we will continue to focus on dual transformation (digital transformation and zero-carbon transformation) as our main operational axis, continuously integrating internal resources,

optimizing operational efficiency, creating greater value for shareholders and customers, and preparing for customers' long-term needs to be well-prepared.

(2) Expected Sales Volume and Basis

SOLAR is a major manufacturer of circular economy materials processing for the global precious metals industry. In 2025, despite uncertainties in global economic recovery due to US-China trade tensions, the Russia-Ukraine war, inflation and interest rate hikes, the company still maintains cautious optimism about sales volume expectations.

(3) Important Production and Sales Policies

1. Focus on Core Business: Building a Functional Materials Platform for Precious and Rare Metals
2. Streamlined Operations: Efficient Raw Material Turnover and Resource Utilization
3. Create Value: New Applications of Existing Technologies and Development of New Markets
4. Corporate Governance: Implementing Internal Audit, Internal Controls, and Talent Development
5. Dual Transformation: Continuously Promoting Digital Transformation and Zero-Carbon Transformation

3. Future Company Development Strategy

Looking ahead to 2025, SOLAR will further deepen its connections with global markets and focus on achieving long-term strategic goals and sustainable development. Development strategies will revolve around three core areas: technological innovation, green transformation, and market expansion, leveraging deep material technology advantages to strive to build a leading global enterprise. Future development strategies are as follows:

(1) Accelerate Technological Innovation and New Product Development:

SOLAR will continue to increase investment in key technology areas, especially in future trend areas such as high-capacity hard drives, high-resolution panels, and advanced semiconductors. Breakthroughs in these technologies will not only enhance our competitiveness in the global market but also become the core driving force for company growth. At the same time, we will focus on driving the development and application of new products, meeting the growing demands of customers, and seizing opportunities in high-potential markets.

(2) Strengthen green circular economy layout:

SOLAR is committed to becoming a leader in the green economy. We will further strengthen the application of precious and rare metal recycling technologies, actively implement the integration of pyrometallurgical and hydrometallurgical recycling and refining technologies, and enhance the scale efficiency of the recycling industry.

In the future, SOLAR will expand its business layout in the green circular economy, promote resource recycling and sustainable development, and deepen the application of

the "Inside Chamber Total Solution" business model to provide customers with more valuable integrated solutions.

(3)Market Expansion and International Layout:

To better respond to global market competition, SOLAR will accelerate its internationalization pace and expand into emerging markets. SOLAR will strengthen in-depth cooperation with global customers and achieve revenue diversification. In the future, we will further enhance the international influence of our brand, and achieve continuous business growth through technological innovation and global operations.

(4)Lean Management and Digital Transformation:

SOLAR will further promote digital transformation, leveraging new technologies such as big data, artificial intelligence, and the Internet of Things to achieve upgraded internal management and improved efficiency.

Through the application of lean production and intelligent manufacturing technologies, we will further optimize production processes, reduce costs, and enhance product quality and competitiveness.

Digitalization will become an important pillar for SOLAR's future development, improving the company's responsiveness and decision-making efficiency in the global market.

Looking ahead, SOLAR will continue to focus on technological innovation, green transformation, digital upgrading, and other aspects, while constantly exploring new markets and enhancing brand value.

We will combine a global vision with local action, maintaining the ability to adapt flexibly, to create greater returns for shareholders.

4. Impact of External Competitive Environment, Regulatory Influences, and Overall Business Environment.

In recent years, the global economic and trade situation has been turbulent, not only overshadowed by the gloom of U.S.-China geopolitical tensions, but also affected by interest rate hikes due to inflation, which in turn have led to soaring raw material costs. Uncertainty has persisted in industry supply and demand. Facing external challenges and competition, SOLAR focuses on its core business, implements corporate governance, and pursues sustainable operations.

Fortunately, significant domestic and foreign policy and legal changes in recent years have not had a major impact on the company's finances and operations. In the future, we will continue to obtain relevant information in a timely manner and promptly devise necessary response

measures to meet the company's operational needs.

Finally, SOLAR's management team once again promises all shareholders that we will work together, upholding the principles of integrity and corporate governance, to create maximum benefits for our shareholders.

Solar Applied Materials Technology Corp.
Chairman Chii-Feng Huang

Audit Committee's Review Report

The Board of Directors has submitted the 2024 Business Report, Financial Statements and other related documents. The Financial Statements have been audited by CPAs Chao-Chin Yang and Chi-Chen Li of Deloitte Taiwan, who have issued their audit report. The aforementioned Business Report and Financial Statements have been reviewed by the Audit Committee and found to be accurate. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted for your examination.

Respectfully submitted to

Solar Applied Materials Technology Corp.

2025 Annual General Shareholders' Meeting

Solar Applied Materials Technology Corp.

Convenor of the Audit Committee: Feng-Chi Kao

March 7, 2025

Audit Committee's Review Report

The Company's Board of Directors has submitted the 2024 Earnings Distribution Proposal, which has been reviewed by the Audit Committee and found to be in order. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your perusal.

Respectfully submitted to

Solar Applied Materials Technology Corp.
2025 Annual General Shareholders' Meeting

Solar Applied Materials Technology Corp.

Convenor of the Audit Committee: Feng-Chi Kao

May 2, 2025



Spin-off of the Semiconductor Division to XALLOY Advanced Materials Corporation. Review Report

The Committee hereby reports the result of its review of the proposal for the spin-off of the Company's Semiconductor Division to XALLOY Advanced Materials Corporation. (hereinafter referred to as "XALLOY") in exchange for newly issued shares of XALLOY as consideration:

1. The Committee exercises its authority in accordance with Article 6, Paragraphs 1 and 2 of the Business Mergers and Acquisitions Act.
2. The Committee's review is based on the management reports of the Semiconductor Division as of December 31, 2024, and the book value in the self-prepared financial statements as of December 31, 2024. However, the actual amounts will be determined according to the book value as of the spin-off record date of SOLAR.
3. The business value of this spin-off transaction is NT\$938,822,503, with each share valued at approximately NT\$31.29, in exchange for 1 share of common stock issued by XALLOY. The Company will receive a total of 30,000,000 shares of XALLOY common stock. If there is any amount insufficient to exchange for one share, XALLOY will make a one-time cash payment to the Company for the business value of such insufficient shares within thirty days after the completion of the registration of changes. The above transaction details have been evaluated by Mr. Wu Zheng-Cheng, an independent expert from Chincheng Certified Public Accountants, and are deemed reasonable. Furthermore, after reviewing the spin-off plan, it has been determined that it is established in accordance with relevant legal regulations, and the share exchange ratio as consideration for the spin-off of the Semiconductor Division complies with the principle of fairness.
4. The Committee held a meeting on May 2, 2025, to review the fairness and reasonableness of this spin-off case. All attending committee members unanimously approved this spin-off case and the acquisition of newly issued shares of XALLOY as consideration for the transaction, and will submit the review results to the Company's Board of Directors and the 2025 Annual General Meeting of Shareholders.

Respectfully submitted to

the Company's Board of Directors

the Company's 2025 Annual General Meeting of Shareholders

Solar Applied Materials Technology Corp. Audit Committee
Convenor: Feng-Chi Kao

May 2, 2025

Solar Applied Materials Technology Corp.

Comparison Table of Amendments to the**【Corporate Governance Best Practice Principles】**

| Revised Articles | Current Articles | Description |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Article 13-3</u> <u>TWSE/TPEX listed</u> <u>companies shall formulate</u> <u>and disclose operational</u> <u>strategies and business plans,</u> <u>stating their specific</u> <u>measures to enhance</u> <u>corporate value, and should</u> <u>submit them to the Board of</u> <u>Directors and actively</u> <u>communicate with</u> <u>shareholders.</u> | Chapter 2 Protection of Shareholders' Rights and Interests Section 2 Establishing Interaction Mechanisms with Shareholders | 1. This article is newly added. 2. To enhance corporate value, TWSE/TPEX listed companies shall formulate and disclose operational strategies and business plans, analyze and update capital costs, profitability, market valuation, and corporate governance annually, appropriately allocate resources to promote R&D or human capital investment and other specific measures to enhance corporate value, and actively interact with shareholders and stakeholders to enhance corporate value and sustainable development. |



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Solar Applied Materials Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Solar Applied Materials Technology Corp. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is described as follows:

The Authenticity of Sales Revenue from Specific Customers

Since revenue from specific customers is material to the consolidated financial statements, and considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from specific customers and other specific characteristics has a significant impact on the consolidated financial statements. Therefore, the authenticity of revenue recognition from specific customers and other specific characteristics was identified as a key audit matter for the year ended December 31, 2024. For the relevant accounting policies for revenue recognition, refer to Note 4(o).

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested internal controls related to the revenue cycle and evaluated the effectiveness of the design and implementation.
2. We selected samples from the sales details of the above-mentioned specific customers, and we examined the external sales orders, external shipping documents, invoices and receipts of payments.

Other Matter

Among the consolidated financial statements of the Group, the consolidated financial statements of some of the invested companies using the equity method were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The total amount of investment accounted for using the equity method amounted to \$280,118 thousand as of December 31, 2024, accounting for 1% of total assets. The comprehensive income in using the equity method for the year ended December 31, 2024 was \$4,778 thousand, accounting for less than 1% of total comprehensive income.

We have also audited the parent company only statements of Solar Applied Materials Technology Corp. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion and an unmodified opinion with other matter paragraph, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 7, 2025

Notice to Readers

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

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

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2024 | | December 31, 2023 | |
|-------------------------------------------------------------------------------------------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 1,731,756 | 6 | \$ 2,362,456 | 9 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 399,831 | 1 | 110,125 | 1 |
| Financial assets at amortized cost - current (Notes 4, 7, 9 and 36) | 2,521,978 | 8 | 1,129,734 | 4 |
| Financial assets for hedging (Notes 4 and 34) | 2,472 | - | - | - |
| Notes receivable (Notes 4, 10 and 26) | 122,667 | - | 59,332 | - |
| Accounts receivable, net (Notes 4, 10, 26 and 35) | 2,317,510 | 7 | 1,793,116 | 7 |
| Other receivables (Notes 4, 10 and 35) | 27,577 | - | 42,166 | - |
| Current tax assets (Notes 4 and 28) | 38,562 | - | 38,542 | - |
| Inventories (Notes 4 and 11) | 14,975,041 | 48 | 11,566,686 | 44 |
| Prepayments (Note 12) | 217,730 | 1 | 302,623 | 1 |
| Total current assets | 22,355,124 | 71 | 17,404,780 | 66 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 103,890 | - | 91,824 | 1 |
| Financial assets at amortized cost - non-current (Notes 4, 9, and 36) | 27,500 | - | 44,000 | - |
| Investments accounted for using the equity method (Notes 4 and 14) | 310,759 | 1 | 306,993 | 1 |
| Property, plant and equipment (Notes 4, 15, 35 and 36) | 7,658,636 | 25 | 7,733,439 | 29 |
| Right-of-use assets (Notes 4 and 16) | 106,290 | 1 | 106,665 | 1 |
| Investment properties (Notes 4, 17 and 36) | 322,646 | 1 | 326,233 | 1 |
| Intangible assets (Notes 4, 19 and 35) | 19,915 | - | 24,127 | - |
| Goodwill (Notes 4 and 18) | 9,295 | - | 9,295 | - |
| Deferred tax assets (Notes 4 and 28) | 250,100 | 1 | 260,452 | 1 |
| Prepayments for equipment (Note 35) | 68,356 | - | 85,585 | - |
| Refundable deposits (Note 4) | 54,998 | - | 58,572 | - |
| Other non-current assets | 5,367 | - | 7,718 | - |
| Total non-current assets | 8,937,752 | 29 | 9,054,903 | 34 |
| TOTAL | \$ 31,292,876 | 100 | \$ 26,459,683 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 20) | \$ 4,146,089 | 13 | \$ 2,842,587 | 11 |
| Short-term bills payable (Note 20) | 199,881 | 1 | - | - |
| Financial liabilities for hedging - current (Notes 4 and 34) | - | - | 2,576 | - |
| Contract liabilities - current (Note 26) | 416,366 | 1 | 97,398 | - |
| Accounts payable (Notes 22 and 35) | 2,328,606 | 7 | 943,246 | 4 |
| Other payables (Notes 23 and 35) | 1,281,050 | 4 | 1,208,199 | 5 |
| Current tax liabilities (Notes 4 and 28) | 249,715 | 1 | 102,086 | - |
| Lease liabilities - current (Notes 4 and 16) | 739 | - | 1,373 | - |
| Advance receipts | 24,041 | - | 18,297 | - |
| Current portion of bonds payable (Note 21) | 795,554 | 3 | - | - |
| Current portion of long-term borrowings (Notes 20 and 36) | 2,090,477 | 7 | 1,418,269 | 5 |
| Total current liabilities | 11,532,518 | 37 | 6,634,031 | 25 |
| NON-CURRENT LIABILITIES | | | | |
| Corporate bonds payable (Note 21) | - | - | 787,933 | 3 |
| Long-term borrowings (Notes 20 and 36) | 5,022,938 | 16 | 5,726,080 | 22 |
| Deferred tax liabilities (Notes 4 and 28) | 398,980 | 1 | 296,614 | 1 |
| Lease liabilities - non-current (Notes 4 and 16) | 582 | - | 193 | - |
| Long-term deferred revenue (Note 23) | 28,191 | - | 29,808 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 24) | 19,161 | - | 22,826 | - |
| Guarantee deposits received | 3,443 | - | 3,586 | - |
| Total non-current liabilities | 5,473,295 | 17 | 6,867,040 | 26 |
| Total liabilities | 17,005,813 | 54 | 13,501,071 | 51 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25) | | | | |
| Ordinary shares | 5,961,562 | 19 | 5,964,432 | 22 |
| Capital surplus | 4,124,200 | 13 | 4,112,769 | 16 |
| Retained earnings | | | | |
| Legal reserve | 610,888 | 2 | 503,718 | 2 |
| Special reserve | 210,305 | 1 | 173,416 | 1 |
| Unappropriated earnings | 3,487,054 | 11 | 2,442,507 | 9 |
| Total retained earnings | 4,308,247 | 14 | 3,119,641 | 12 |
| Other equity | (127,702) | - | (250,212) | (1) |
| Total equity attributable to owners of the Company | 14,266,307 | 46 | 12,946,630 | 49 |
| NON-CONTROLLING INTERESTS | 20,756 | - | 11,982 | - |
| Total equity | 14,287,063 | 46 | 12,958,612 | 49 |
| TOTAL | \$ 31,292,876 | 100 | \$ 26,459,683 | 100 |

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

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|-------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|-------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 26 and 35) | \$ 29,769,958 | 100 | \$ 22,629,192 | 100 |
| OPERATING COSTS (Notes 11, 27 and 35) | <u>25,957,588</u> | <u>87</u> | <u>19,906,133</u> | <u>88</u> |
| GROSS PROFIT | <u>3,812,370</u> | <u>13</u> | <u>2,723,059</u> | <u>12</u> |
| OPERATING EXPENSES (Notes 10, 27 and 35) | | | | |
| Selling and marketing expenses | 292,101 | 1 | 230,054 | 1 |
| General and administrative expenses | 920,807 | 3 | 745,292 | 3 |
| Research and development expenses | 397,177 | 2 | 371,394 | 2 |
| Expected credit loss (gain) | <u>(1,809)</u> | <u>-</u> | <u>10,482</u> | <u>-</u> |
| Total operating expenses | <u>1,608,276</u> | <u>6</u> | <u>1,357,222</u> | <u>6</u> |
| PROFIT FROM OPERATIONS | <u>2,204,094</u> | <u>7</u> | <u>1,365,837</u> | <u>6</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 7, 27 and 35) | | | | |
| Interest income | 83,409 | - | 60,066 | - |
| Other income | 91,169 | 1 | 69,257 | - |
| Other gains and losses | 296,532 | 1 | 166,183 | 1 |
| Finance costs | (304,987) | (1) | (366,952) | (1) |
| Share of profit or loss of associates | <u>(7,206)</u> | <u>-</u> | <u>(5,730)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>158,917</u> | <u>1</u> | <u>(77,176)</u> | <u>-</u> |
| PROFIT BEFORE INCOME TAX FOR THE YEAR | 2,363,011 | 8 | 1,288,661 | 6 |
| INCOME TAX EXPENSE (Notes 4 and 28) | <u>462,852</u> | <u>1</u> | <u>222,243</u> | <u>1</u> |
| NET PROFIT FOR THE YEAR | <u>1,900,159</u> | <u>7</u> | <u>1,066,418</u> | <u>5</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 885 | - | (547) | - |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income | 12,066 | - | 6,069 | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (177) | - | 109 | - |

(Continued)

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|-------------------------------------------------------------------------------------------------------------------|---------------------|----------|---------------------|----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | \$ 106,096 | - | \$ (52,834) | - |
| Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method | - | - | (866) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>(21,219)</u> | <u>-</u> | <u>10,740</u> | <u>-</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>97,651</u> | <u>-</u> | <u>(37,329)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME, FOR THE YEAR | <u>\$ 1,997,810</u> | <u>7</u> | <u>\$ 1,029,089</u> | <u>5</u> |
| NET PROFIT (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,903,388 | 6 | \$ 1,084,941 | 5 |
| Non-controlling interests | <u>(3,229)</u> | <u>-</u> | <u>(18,523)</u> | <u>-</u> |
| | <u>\$ 1,900,159</u> | <u>6</u> | <u>\$ 1,066,418</u> | <u>5</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 2,001,039 | 7 | \$ 1,047,612 | 5 |
| Non-controlling interests | <u>(3,229)</u> | <u>-</u> | <u>(18,523)</u> | <u>-</u> |
| | <u>\$ 1,997,810</u> | <u>7</u> | <u>\$ 1,029,089</u> | <u>5</u> |
| EARNINGS PER SHARE (New Taiwan Dollars; Note 29) | | | | |
| Basic | <u>\$ 3.21</u> | | <u>\$ 1.83</u> | |
| Diluted | <u>\$ 3.19</u> | | <u>\$ 1.82</u> | |

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

(Concluded)

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|---------------|-----------------|-------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------|--------------------|---------------|---------------------------|---------------|
| | Retained Earnings | | | | | Other Equity | | | | | | |
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements | Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unearned Compensation | Total Other Equity | Total | Non-controlling Interests | |
| | | | | | | | | | | | | |
| | \$ 5,971,372 | \$ 4,148,886 | \$ 363,689 | \$ 198,708 | \$ 2,380,821 | \$ (91,758) | \$ (81,656) | \$ (100,338) | \$ (273,752) | \$ 12,789,724 | \$ 413,755 | \$ 13,203,479 |
| BALANCE AT JANUARY 1, 2023 | | | | | | | | | | | | |
| Appropriation of 2022 earnings (Note 25) | - | - | - | - | (140,029) | - | - | - | - | - | - | - |
| Legal reserve | - | - | 140,029 | - | (895,278) | - | - | - | - | (895,278) | - | (895,278) |
| Cash dividends | - | - | - | (25,292) | 25,292 | - | - | - | - | - | - | - |
| Reversal of special reserve | - | - | - | - | - | - | - | - | - | - | - | - |
| Net (loss) profit for the year ended December 31, 2023 | - | - | - | - | 1,084,941 | - | - | - | - | 1,084,941 | (18,523) | 1,066,418 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | (438) | (42,960) | 6,069 | - | (36,891) | (37,329) | - | (37,329) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 1,084,503 | (42,960) | 6,069 | - | (36,891) | 1,047,612 | (18,523) | 1,029,089 |
| Change in capital surplus in subsidiaries (Note 25) | - | 1,085 | - | - | - | - | - | - | - | 1,085 | (1,085) | - |
| Disposal of investments accounted for using the equity method and lost of control of subsidiaries (Notes 25 and 31) | - | (22,802) | - | - | - | - | - | - | - | (22,802) | (407,205) | (430,007) |
| Compensation costs of share-based payment arrangements (Note 30) | - | (14,400) | - | - | - | - | - | 60,431 | 60,431 | 46,031 | 2,132 | 48,163 |
| Change in share of profit in associates and joint ventures | - | - | - | - | (12,802) | - | - | - | - | (12,802) | - | (12,802) |
| Restricted stock written off (Note 30) | (6,940) | - | - | - | - | - | - | - | - | (6,940) | - | (6,940) |
| Change in non-controlling interests (Note 25) | - | - | - | - | - | - | - | - | - | - | 22,908 | 22,908 |
| BALANCE AT DECEMBER 31, 2023 | 5,964,432 | 4,112,769 | 503,718 | 173,416 | 2,442,507 | (134,718) | (75,587) | (39,907) | (250,212) | 12,946,630 | 11,982 | 12,958,612 |
| Appropriation of 2023 earnings (Note 25) | - | - | - | - | (107,170) | - | - | - | - | - | - | - |
| Legal reserve | - | - | 107,170 | - | (36,889) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 36,889 | (715,490) | - | - | - | - | (715,490) | - | (715,490) |
| Cash dividends | - | - | - | - | - | - | - | - | - | - | - | - |
| Net profit (loss) for the year ended December 31, 2024 | - | - | - | - | 1,903,388 | - | - | - | - | 1,903,388 | (3,229) | 1,900,159 |
| Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax | - | - | - | - | 708 | 84,877 | 12,066 | - | 96,943 | 97,651 | - | 97,651 |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | - | 1,904,096 | 84,877 | 12,066 | - | 96,943 | 2,001,039 | (3,229) | 1,997,810 |
| Compensation costs of share-based payment arrangements (Note 30) | - | 1,974 | - | - | - | - | - | 25,567 | 25,567 | 27,541 | - | 27,541 |
| Change in share of profit in associates and joint ventures (Note 25) | - | 9,457 | - | - | - | - | - | - | - | 9,457 | - | 9,457 |
| Restricted stock written off (Note 30) | (2,870) | - | - | - | - | - | - | - | - | (2,870) | - | (2,870) |
| Change in non-controlling interests (Note 25) | - | - | - | - | - | - | - | - | - | - | 12,003 | 12,003 |
| BALANCE AT DECEMBER 31, 2024 | \$ 5,961,562 | \$ 4,124,200 | \$ 610,888 | \$ 210,305 | \$ 3,487,054 | \$ (49,841) | \$ (63,521) | \$ (14,340) | \$ (127,702) | \$ 14,266,307 | \$ 20,756 | \$ 14,287,063 |

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

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|------------------------------------------------------------------------------------------|--------------|--------------|
| | Amount | Amount |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,363,011 | \$ 1,288,661 |
| Adjustments for: | | |
| Depreciation expenses | 635,192 | 570,689 |
| Amortization expenses | 8,140 | 10,430 |
| Expected credit loss recognized (reversed) on trade receivables | (1,809) | 10,482 |
| Net loss (gain) on financial assets and liabilities at fair value through profit or loss | (345,635) | 164,808 |
| Interest Expense | 304,987 | 366,952 |
| Interest income | (83,409) | (60,066) |
| Share based payments compensations | 27,541 | 48,163 |
| Share of profit of associates | 7,206 | 5,730 |
| Loss on disposal of property, plant and equipment | 12,669 | 10,677 |
| Impairment loss recognized on property, plant and equipment | 36,027 | 203 |
| Gain on disposal of investments | - | (116,364) |
| Write downs of inventories | 203,654 | 57,747 |
| Net loss (gain) on foreign currency exchange | 34,864 | (77,730) |
| Changes in operating assets and liabilities | | |
| Contract assets | - | 15,897 |
| Notes receivable | (63,335) | 18,372 |
| Accounts receivable | (522,885) | (309,097) |
| Other receivables | 13,985 | 9,828 |
| Inventories | (3,614,585) | (318,942) |
| Prepayments | 84,893 | 18,100 |
| Contract liabilities | 318,968 | (126,973) |
| Accounts payable | 1,385,360 | (111,214) |
| Other payables | 64,456 | 98,744 |
| Advance receipts | 5,744 | 5,508 |
| Net defined benefit liabilities - non-current | (2,780) | (16,268) |
| Long-term deferred revenue | (1,617) | (1,616) |
| Cash generated from operations | 870,642 | 1,562,721 |
| Interest received | 84,013 | 59,519 |
| Interest paid | (295,539) | (289,734) |
| Income tax paid | (223,921) | (251,520) |
| Net cash generated from operating activities | 435,195 | 1,080,986 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (1,375,744) | (154,156) |
| Purchase of financial assets at fair value through profit or loss | 53,457 | (32,891) |
| Proceeds from disposal of associates | - | 138,492 |
| Loss of control of a subsidiary | - | (167,856) |
| Payments for property, plant and equipment | (443,714) | (565,465) |
| Proceeds from disposal of property, plant and equipment | 2,446 | 112 |
| Decrease in refundable deposits | 3,574 | 5,302 |
| Acquisition of intangible assets | (3,928) | (8,430) |
| Increase in prepayments for equipment | (109,363) | (267,498) |
| Decrease in other non-current assets | 2,351 | 6,543 |
| Net cash used in investing activities | (1,870,921) | (1,045,847) |

(Continued)

Solar Applied Materials Technology Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | <u>2024</u> | <u>2023</u> |
|------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| | Amount | Amount |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | \$ 6,185,168 | \$ 4,877,774 |
| Repayments of short-term borrowings | (4,898,859) | (3,392,705) |
| Proceeds from short-term bills payable | 200,000 | - |
| Proceeds from long-term borrowings | 2,194,600 | 8,085,550 |
| Repayments of long-term borrowings | (2,266,398) | (8,511,060) |
| Increase in refundable deposits | (143) | 680 |
| Repayment of the principal portion of lease liabilities | (1,840) | (10,011) |
| Cash dividends distributed | (715,490) | (895,278) |
| Restricted stock written off | (2,870) | (6,940) |
| Increase in non-controlling interests | <u>12,003</u> | <u>22,908</u> |
| Net cash generated from financing activities | <u>706,171</u> | <u>170,918</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>98,855</u> | <u>(50,440)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (630,700) | 155,617 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>2,362,456</u> | <u>2,206,839</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 1,731,756</u> | <u>\$ 2,362,456</u> |

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Solar Applied Materials Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of Solar Applied Materials Technology Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. 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, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is described as follows:

The Authenticity of Sales Revenue from Specific Customers

Since revenue from specific customers is material to the parent company only financial statements, and considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue from specific customers has a significant impact on the parent company only financial statements. Therefore, the authenticity of revenue from specific customers was identified as a key audit matter for the year ended December 31, 2024. For the relevant accounting policies for revenue recognition, refer to Note 4(m).

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested internal controls related to the revenue cycle and evaluated the effectiveness of the design and implementation.
2. We selected samples from the sales details of these above-mentioned specific customers, and we examined the external sales orders, external shipping documents, invoices and receipts of payments.

Others

Among the parent company only financial statements of the Company, the parent company only financial statements of some of the invested companies in using the equity method were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The total amount of investment accounted for using the equity method amounted to \$280,118 thousand as of December 31, 2024, accounting for 1% of total assets. The comprehensive income in using the equity method for the year ended December 31, 2024 was \$4,778 thousand accounting for less than 1% of total comprehensive income.

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 the Company's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 7, 2025

Notice to Readers

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

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

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| ASSETS | December 31, 2024 | | December 31, 2023 | |
|-------------------------------------------------------------------------------------------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 1,233,750 | 4 | \$ 1,629,169 | 6 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 370,423 | 1 | 19,594 | - |
| Financial assets at amortized cost - current (Notes 4, 7, 9 and 33) | 2,364,610 | 8 | 990,507 | 4 |
| Notes receivable (Notes 4, 10 and 23) | 3,719 | - | 4,142 | - |
| Accounts receivable, net (Notes 4, 10 and 23) | 1,587,423 | 5 | 1,131,240 | 5 |
| Accounts receivable from related parties (Notes 4, 10, 23 and 32) | 71,741 | - | 53,373 | - |
| Other receivables (Notes 4, 10 and 32) | 30,144 | - | 40,404 | - |
| Inventories (Notes 4 and 11) | 12,847,747 | 42 | 9,877,475 | 38 |
| Prepayments | 116,900 | 1 | 182,412 | 1 |
| Total current assets | 18,626,457 | 61 | 13,928,316 | 54 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 103,890 | - | 91,824 | 1 |
| Financial assets at amortized cost - non-current (Notes 4, 9, and 33) | 27,500 | - | 44,000 | - |
| Investments accounted for using the equity method (Notes 4 and 12) | 4,136,238 | 14 | 3,778,188 | 15 |
| Property, plant and equipment (Notes 4, 13, 32 and 33) | 7,081,253 | 23 | 7,178,669 | 28 |
| Right-of-use assets (Notes 4 and 14) | 233 | - | 2,168 | - |
| Investment properties (Notes 4, 15, and 33) | 322,646 | 1 | 326,233 | 1 |
| Intangible assets (Notes 4, 16 and 32) | 19,915 | - | 24,127 | - |
| Deferred tax assets (Notes 4 and 25) | 241,534 | 1 | 249,979 | 1 |
| Prepayments for equipment (Note 32) | 66,342 | - | 79,043 | - |
| Refundable deposits (Note 4) | 22,396 | - | 22,405 | - |
| Other non-current assets | - | - | 2,710 | - |
| Total non-current assets | 12,021,947 | 39 | 11,799,346 | 46 |
| TOTAL | <u>\$ 30,648,404</u> | <u>100</u> | <u>\$ 25,727,662</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 17) | \$ 3,770,829 | 12 | \$ 2,350,000 | 9 |
| Short-term bills payable (Note 17) | 199,881 | 1 | - | - |
| Contract liabilities - current (Note 23) | 58,545 | - | 32,107 | - |
| Accounts payable (Note 19) | 2,211,465 | 7 | 818,095 | 3 |
| Accounts payable to related parties (Notes 19 and 32) | 73,646 | - | 16,510 | - |
| Other payables (Notes 20 and 32) | 1,438,610 | 5 | 1,175,369 | 5 |
| Current tax liabilities (Note 25) | 246,745 | 1 | 91,920 | - |
| Lease liabilities - current (Notes 4 and 14) | 193 | - | 1,036 | - |
| Advance receipts | 23,508 | - | 10,686 | - |
| Current portion of bonds payable (Note 18) | 795,554 | 2 | - | - |
| Current portion of long-term borrowings (Notes 17 and 33) | 2,090,477 | 7 | 1,418,269 | 6 |
| Total current liabilities | 10,909,453 | 35 | 5,913,992 | 23 |
| NON-CURRENT LIABILITIES | | | | |
| Corporate bonds payable (Note 18) | - | - | 787,933 | 3 |
| Long-term borrowings (Notes 17 and 33) | 5,022,938 | 17 | 5,726,080 | 23 |
| Deferred tax liabilities (Notes 4 and 25) | 398,910 | 1 | 296,614 | 1 |
| Lease liabilities - non-current (Notes 4 and 14) | - | - | 193 | - |
| Long-term deferred revenue (Note 20) | 28,191 | - | 29,808 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 21) | 19,161 | - | 22,826 | - |
| Guarantee deposits received | 3,444 | - | 3,586 | - |
| Total non-current liabilities | 5,472,644 | 18 | 6,867,040 | 27 |
| Total liabilities | 16,382,097 | 53 | 12,781,032 | 50 |
| EQUITY (Notes 4 and 22) | | | | |
| Ordinary shares | 5,961,562 | 19 | 5,964,432 | 23 |
| Capital surplus | 4,124,200 | 14 | 4,112,769 | 16 |
| Retained earnings | | | | |
| Legal reserve | 610,888 | 2 | 503,718 | 2 |
| Special reserve | 210,305 | 1 | 173,416 | 1 |
| Unappropriated earnings | 3,487,054 | 11 | 2,442,507 | 9 |
| Total retained earnings | 4,308,247 | 14 | 3,119,641 | 12 |
| Other equity | (127,702) | - | (250,212) | (1) |
| Total equity | 14,266,307 | 47 | 12,946,630 | 50 |
| TOTAL | <u>\$ 30,648,404</u> | <u>100</u> | <u>\$ 25,727,662</u> | <u>100</u> |

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

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|-------------------------------------------------------------------------------------------------------------------------|------------------|-----------|------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 23 and 32) | \$ 11,477,609 | 100 | \$ 8,207,459 | 100 |
| OPERATING COSTS (Notes 11, 24 and 32) | <u>8,414,212</u> | <u>74</u> | <u>6,128,150</u> | <u>75</u> |
| GROSS PROFIT | <u>3,063,397</u> | <u>26</u> | <u>2,079,309</u> | <u>25</u> |
| OPERATING EXPENSES (Notes 10, 24 and 32) | | | | |
| Selling and marketing expenses | 251,952 | 2 | 146,370 | 2 |
| General and administrative expenses | 719,222 | 6 | 558,798 | 7 |
| Research and development expenses | 294,710 | 3 | 287,264 | 3 |
| Expected credit loss (gain) | <u>(2,801)</u> | <u>-</u> | <u>3,548</u> | <u>-</u> |
| Total operating expenses | <u>1,263,083</u> | <u>11</u> | <u>995,980</u> | <u>12</u> |
| PROFIT FROM OPERATIONS | <u>1,800,314</u> | <u>15</u> | <u>1,083,329</u> | <u>13</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 7, 24 and 32) | | | | |
| Interest income | 75,338 | 1 | 52,875 | 1 |
| Other income | 71,459 | 1 | 74,181 | 1 |
| Other gains and losses | 453,961 | 4 | 239,552 | 3 |
| Finance costs | (285,053) | (3) | (352,734) | (4) |
| Share of profit of associates | <u>242,314</u> | <u>2</u> | <u>201,492</u> | <u>2</u> |
| Total non-operating expenses | <u>558,019</u> | <u>5</u> | <u>215,366</u> | <u>3</u> |
| PROFIT BEFORE INCOME TAX FOR THE YEAR | 2,358,333 | 20 | 1,298,695 | 16 |
| INCOME TAX EXPENSE (Notes 4 and 25) | <u>454,945</u> | <u>4</u> | <u>213,754</u> | <u>3</u> |
| NET PROFIT FOR THE YEAR | <u>1,903,388</u> | <u>16</u> | <u>1,084,941</u> | <u>13</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 885 | - | (547) | - |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income | 12,066 | - | 6,069 | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (177) | - | 109 | - |

(Continued)

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|--------------------------------------------------------------------------------------|---------------------|-----------|---------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | \$ 106,096 | 1 | \$ (53,700) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss | (21,219) | - | 10,740 | - |
| Other comprehensive income (loss) for the year, net of income tax | 97,651 | 1 | (37,329) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 2,001,039</u> | <u>17</u> | <u>\$ 1,047,612</u> | <u>13</u> |
| EARNINGS PER SHARE (New Taiwan dollars; Note 26) | | | | |
| Basic | <u>\$ 3.21</u> | | <u>\$ 1.83</u> | |
| Diluted | <u>\$ 3.19</u> | | <u>\$ 1.82</u> | |

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

(Concluded)

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | Retained Earnings | | | | Other Equity | | | |
|-------------------------------------------------------------------------------------------------------------|-------------------|-----------------|---------------|-----------------|-------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------|
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements Foreign Operations | Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total |
| BALANCE AT JANUARY 1, 2023 | \$ 5,971,372 | \$ 4,148,886 | \$ 363,689 | \$ 198,708 | \$ 2,380,821 | \$ (91,758) | \$ (81,656) | \$ (273,752) |
| Appropriation of 2022 earnings (Note 22) | - | - | - | - | (140,029) | - | - | - |
| Legal reserve | - | - | 140,029 | - | (895,278) | - | - | (895,278) |
| Cash dividends | - | - | - | (25,292) | 25,292 | - | - | - |
| Reversal of special reserve | - | - | - | - | - | - | - | - |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 1,084,941 | - | - | 1,084,941 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Note 22) | - | - | - | - | (438) | (42,960) | 6,069 | (37,329) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 1,084,503 | (42,960) | 6,069 | 1,047,612 |
| Change in capital surplus of subsidiaries (Note 22) | - | 1,085 | - | - | - | - | - | 1,085 |
| Disposal of investments accounted for using the equity method and loss of control of subsidiaries (Note 28) | - | (22,802) | - | - | - | - | - | (22,802) |
| Compensation costs of share - based payment arrangements (Note 27) | - | (14,400) | - | - | - | - | - | 46,031 |
| Change in share of profit in associates and joint ventures | - | - | - | - | (12,802) | - | - | (12,802) |
| Restricted stock written off (Note 27) | (6,940) | - | - | - | - | - | - | (6,940) |
| BALANCE AT DECEMBER 31, 2023 | 5,964,432 | 4,112,769 | 503,718 | 173,416 | 2,442,507 | (134,718) | (75,587) | 12,946,630 |
| Appropriation of 2023 earnings (Note 22) | - | - | - | - | (107,170) | - | - | - |
| Legal reserve | - | - | 107,170 | - | (36,889) | - | - | - |
| Special reserve | - | - | - | 36,889 | (715,490) | - | - | (715,490) |
| Cash dividends | - | - | - | - | - | - | - | - |
| Net profit for the year ended December 31, 2024 | - | - | - | - | 1,903,388 | - | - | 1,903,388 |
| Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax (Note 22) | - | - | - | - | 708 | 84,877 | 12,066 | 96,943 |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | - | 1,904,096 | 84,877 | 12,066 | 2,001,039 |
| Compensation costs of share - based payment arrangements (Note 27) | - | 1,974 | - | - | - | - | - | 27,541 |
| Change in share of profit in associates and joint ventures (Note 22) | - | 9,457 | - | - | - | - | - | 9,457 |
| Restricted stock written off (Note 27) | (2,870) | - | - | - | - | - | - | (2,870) |
| BALANCE AT DECEMBER 31, 2024 | \$ 5,961,562 | \$ 4,124,200 | \$ 610,888 | \$ 210,305 | \$ 3,487,054 | \$ (49,841) | \$ (63,521) | \$ 14,266,307 |

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

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 Amount | 2023 Amount |
|------------------------------------------------------------------------------------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income (loss) before income tax | \$ 2,358,333 | \$ 1,298,695 |
| Adjustments for: | | |
| Depreciation expenses | 540,706 | 460,694 |
| Amortization expenses | 8,140 | 8,239 |
| Expected credit loss recognized (reversed) on trade receivable | (2,801) | 3,548 |
| Net loss (gain) on financial assets and liabilities at fair value through profit or loss | (321,236) | 145,386 |
| Interest Expense | 285,053 | 352,734 |
| Interest income | (75,338) | (52,875) |
| Share-based payments compensations | 27,541 | 46,031 |
| Share of profit of associates | (242,314) | (201,492) |
| Loss (gain) on disposal of property, plant and equipment | 12,738 | (103) |
| Impairment loss recognized on property, plant and equipment | 36,027 | 203 |
| Gain on disposal of investments | - | (116,364) |
| Write downs of inventories | 187,571 | 55,340 |
| Unrealized loss (gain) on foreign currency exchange | 34,864 | (77,732) |
| Changes in operating assets and liabilities | | |
| Notes receivable | 423 | 181 |
| Accounts receivable | (453,382) | (300,328) |
| Accounts receivable from related parties | (18,368) | 73,073 |
| Other receivables | 18,258 | 23,089 |
| Inventories | (3,157,843) | (137,046) |
| Prepayments | 65,512 | (84,727) |
| Contract liabilities | 26,438 | (45,197) |
| Accounts payable | 1,393,370 | (31,565) |
| Accounts payable to related parties | 57,136 | (2,699) |
| Other payables | 233,306 | (77,930) |
| Advance receipts | 12,822 | (1,640) |
| Net defined benefit liabilities - non-current | (2,780) | (16,268) |
| Long-term deferred revenue | (1,617) | (1,616) |
| Cash generated from operations | 1,022,559 | 1,319,631 |
| Interest received | 75,338 | 52,328 |
| Dividend received | 17,819 | 6,202 |
| Interest paid | (269,287) | (275,689) |
| Income tax paid | (210,775) | (234,786) |
| Net cash generated from operating activities | 635,654 | 867,686 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (1,357,603) | (76,825) |
| Purchase of financial assets at fair value through profit or loss | (29,593) | (6,415) |
| Acquisition of investments accounted for using the equity method | (26,000) | - |
| Proceeds from disposal of investments accounted for using the equity method | - | 138,492 |
| Payments for property, plant and equipment | (319,100) | (419,107) |
| Proceeds from disposal of property, plant and equipment | 2,377 | 103 |

(Continued)

Solar Applied Materials Technology Corp.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------------------------------|----------------------------|----------------------------|
| | Amount | Amount |
| Increase in refundable deposits | \$ - | \$ (72) |
| Decrease in refundable deposits | 9 | - |
| Acquisition of intangible assets | (3,928) | (7,377) |
| Increase in prepayments for equipment | (148,158) | (263,050) |
| Decrease in other non-current assets | <u>2,710</u> | <u>1,806</u> |
| Net cash used in investing activities | <u>(1,879,286)</u> | <u>(632,445)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 5,531,986 | 4,000,000 |
| Repayments of short-term borrowings | (4,111,157) | (2,650,000) |
| Proceeds from short-term bills payable | 200,000 | - |
| Proceeds from long-term borrowings | 2,194,600 | 8,050,440 |
| Repayments of long-term borrowings | (2,266,398) | (8,484,036) |
| Borrowings from associates | 18,720 | 14,955 |
| Decrease in refundable deposits | (142) | (19) |
| Repayment of the principal portion of lease liabilities | (1,036) | (2,550) |
| Cash dividends distributed | (715,490) | (895,278) |
| Restricted stock written off | (2,870) | (6,940) |
| Acquisition of subsidiaries | <u>-</u> | <u>(8,000)</u> |
| Net cash generated from financing activities | <u>848,213</u> | <u>18,572</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (395,419) | 253,813 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>1,629,169</u> | <u>1,375,356</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 1,233,750</u> | <u>\$ 1,629,169</u> |

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

(Concluded)

Solar Applied Materials Technology Corp.

Comparison Table of Amendments to the **【Articles of Incorporation】**

| Revised Articles | Current Articles | Description |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <p>Article 2: The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. C801010 Basic Chemical Industry. 2. C801030 Precision Chemical Materials Manufacturing Industry. 3. C801990 Other Chemical Materials Manufacturing Industry. 4. C802090 Cleaning Products Manufacturing Industry. 5. C802170 Toxic Chemical Substances Manufacturing Industry. 6. C802990 Other Chemical Products Manufacturing Industry. 7. C803990 Other Petroleum and Coal Products Manufacturing Industry. 8. C901010 Ceramics and Ceramic Products Manufacturing Industry. 9. C901060 Refractory Materials Manufacturing Industry. 10. C901990 Other Non-metallic Mineral Products Manufacturing Industry. 11. CA01090 Aluminum Casting Industry. 12. CA01100 Aluminum Rolling, Wire Drawing, and Extrusion Industry. | <p>Article 2: The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. C801010 Basic Chemical Industry. 2. C801030 Precision Chemical Materials Manufacturing Industry. 3. C801990 Other Chemical Materials Manufacturing Industry. 4. C802090 Cleaning Products Manufacturing Industry. 5. C802170 Toxic Chemical Substances Manufacturing Industry. 6. C802990 Other Chemical Products Manufacturing Industry. 7. C803990 Other Petroleum and Coal Products Manufacturing Industry. 8. C901010 Ceramics and Ceramic Products Manufacturing Industry. 9. C901060 Refractory Materials Manufacturing Industry. 10. C901990 Other Non-metallic Mineral Products Manufacturing Industry. 11. CA01090 Aluminum Casting Industry. 12. CA01100 Aluminum Rolling, Wire Drawing, and Extrusion Industry. | <p>Amended to align with the company's practical needs.</p> |

| Revised Articles | Current Articles | Description |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------|
| 13. CA01110 Copper Refining Industry. | 13. CA01110 Copper Refining Industry. | |
| 14. CA01120 Copper Casting Industry. | 14. CA01120 Copper Casting Industry. | |
| 15. CA01130 Copper Rolling, Wire Drawing, and Extrusion Industry. | 15. CA01130 Copper Rolling, Wire Drawing, and Extrusion Industry. | |
| 16. CA01150 Magnesium Casting Industry. | 16. CA01150 Magnesium Casting Industry. | |
| 17. CA01160 Magnesium Rolling, Wire Drawing, and Extrusion Industry. | 17. CA01160 Magnesium Rolling, Wire Drawing, and Extrusion Industry. | |
| 18. CA01990 Other Non-Ferrous Metal Basic Industries. | 18. CA01990 Other Non-Ferrous Metal Basic Industries. | |
| 19. CA02080 Metal Forging Industry. | 19. CA02080 Metal Forging Industry. | |
| 20. CA02090 Metal Wire Products Manufacturing Industry. | 20. CA02090 Metal Wire Products Manufacturing Industry. | |
| 21. CA02990 Other Metal Products Manufacturing Industry. | 21. CA02990 Other Metal Products Manufacturing Industry. | |
| 22. CA03010 Heat Treatment Industry. | 22. CA03010 Heat Treatment Industry. | |
| 23. CA04010 Surface Treatment Industry. | 23. CA04010 Surface Treatment Industry. | |
| 24. CA05010 Powder Metallurgy Industry. | 24. CA05010 Powder Metallurgy Industry. | |
| 25. CB01020 Office Machinery Manufacturing Industry. | 25. CB01020 Office Machinery Manufacturing Industry. | |
| 26. CB01030 Pollution Prevention Equipment Manufacturing Industry. | 26. CB01030 Pollution Prevention Equipment Manufacturing Industry. | |
| 27. CC01090 Battery Manufacturing Industry. | 27. CC01090 Battery Manufacturing Industry. | |
| 28. CG01010 Jewelry and Precious Metal Products Manufacturing Industry. | 28. CG01010 Jewelry and Precious Metal Products Manufacturing Industry. | |
| 29. E599010 Piping Engineering Industry. | 29. E599010 Piping Engineering Industry. | |

| Revised Articles | Current Articles | Description |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------|
| 30. E603100 Electric Welding Engineering Industry. | 30. E603100 Electric Welding Engineering Industry. | |
| 31. E603120 Sandblasting Engineering Industry. | 31. E603120 Sandblasting Engineering Industry. | |
| 32. E604010 Machinery Installation Industry. | 32. E604010 Machinery Installation Industry. | |
| 33. EZ99990 Other Engineering Industries. | 33. EZ99990 Other Engineering Industries. | |
| 34. F107060 Toxic Chemicals Wholesale Industry. | 34. F107060 Toxic Chemicals Wholesale Industry. | |
| 35. F107200 Chemical Materials Wholesale Industry. | 35. F107200 Chemical Materials Wholesale Industry. | |
| 36. F112040 Petroleum Products Wholesale Industry. | 36. F112040 Petroleum Products Wholesale Industry. | |
| 37. F115010 Jewelry and Precious Metals Wholesale Industry. | 37. F115010 Jewelry and Precious Metals Wholesale Industry. | |
| 38. F199010 Recycled Materials Wholesale Industry. | 38. F199010 Recycled Materials Wholesale Industry. | |
| 39. F207060 Toxic Chemical Substances Retail Industry. | 39. F207060 Toxic Chemical Substances Retail Industry. | |
| 40. <u>F213030 Computer and Office Machinery and Equipment Retail Industry.</u> | 40. <u>F215010 Jewelry and Precious Metals Retail Industry;</u> | |
| 41. <u>F215010 Jewelry and Precious Metals Retail Industry;</u> | 41. <u>F401010 International Trade Industry.</u> | |
| 42. <u>F219010 Electronic Materials Retail Industry.</u> | 42. <u>J101030 Waste Disposal Industry.</u> | |
| 43. <u>F401010 International Trade Industry.</u> | 43. <u>J101040 Waste Treatment.</u> | |
| 44. <u>I199990 Other Consulting Services Industry.</u> | 44. <u>J101060 Waste (Sewage) Water Treatment Industry.</u> | |
| 45. <u>I301010 Information Software Services Industry.</u> | 45. <u>J101080 Resource Recycling Industry.</u> | |
| 46. <u>I301020 Data Processing Services Industry.</u> | 46. <u>ZZ99999 Apart from licensed businesses, businesses not prohibited or restricted by law may be operated.</u> | |
| 47. <u>I301030 Electronic Information Supply Services Industry.</u> | | |
| 48. <u>J101030 Waste Disposal</u> | | |

| Revised Articles | Current Articles | Description |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <u>Industry.</u> <u>49. J101040 Waste Treatment.</u> <u>50. J101060 Waste (Sewage) Water Treatment Industry.</u> <u>51. J101080 Resource Recycling Industry.</u> <u>52. ZZ99999 Apart from licensed businesses, businesses not prohibited or restricted by law may be operated.</u> | | |
| <p>Article 20: If the Company has profits in the year, no less than 2% shall be allocated as employee compensation, <u>of which no less than 30% shall be allocated as compensation for basic-level employees, and</u> no more than 5% shall be allocated as director compensation. However, if the Company still has accumulated losses, it shall first set aside a reserve to offset such losses. Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of subsidiaries who meet certain conditions.</p> | <p>Article 20: If the Company has profits in the year, no less than 2% shall be allocated as employee compensation, and no more than 5% shall be allocated as director compensation. However, if the Company still has accumulated losses, it shall first set aside a reserve to offset such losses.</p> <p>Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of subsidiaries who meet certain conditions.</p> | <p>In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act, this article is hereby amended.</p> |

Solar Applied Materials Technology Corp.

Comparison Table of Amendments to the**【Procedures for Lending Funds to Others】**

| Revised Articles | Current Articles | Description |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <p>Article 4: Review Procedures</p> <p>(2) If the fund lending is due to business interaction, the person responsible in the Company's Finance Department shall evaluate whether the loan amount is commensurate with the business transaction amount; if it is due to the necessity of short-term financing, the reason and circumstances for providing the loan shall be listed, and a credit investigation shall be conducted. The relevant information and proposed lending conditions shall be submitted to the head of the Finance Mahager and the President. Before the Company lends funds to others, it shall carefully evaluate whether the transaction complies with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" established by the securities regulatory authority and the provisions of these Procedures. The evaluation shall be submitted to the Board of Directors for resolution along</p> | <p>Article 4: Review Procedures</p> <p>(2) If the loan is made due to business relationship, the Company's finance department staff shall assess whether the loan amount is commensurate with the business transaction amount; if the loan is necessary for short-term financing, the reasons and circumstances for the loan shall be enumerated, and a credit investigation shall be conducted. The relevant information and proposed loan terms shall be submitted to the finance department head and the President, and then presented to the Board of Directors for resolution before processing. The authority to make such decisions cannot be delegated to others. Fund lending between the Company and its subsidiaries, or between the Company's subsidiaries, shall also be submitted to the Board of Directors for resolution in accordance with this provision, and the Chairman may be authorized to make multiple</p> | <p>This article is amended in accordance with Article 14-5, Paragraph 6 of the Securities and Exchange Act.</p> |

| Revised Articles | Current Articles | Description |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <p>with the aforementioned review results, and shall not be delegated to any other person for decision. <u>However, significant fund lending shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for resolution.</u> Fund lending between the Company and its subsidiaries, or between the Company's subsidiaries, shall also be submitted to the Board of Directors for resolution in accordance with this provision. The Board may authorize the Chairman to make loans to the same borrower in installments or to use revolving credit lines within a certain amount resolved by the Board of Directors and within a period not exceeding one year.</p> <p>The "certain amount" mentioned in the preceding paragraph, except for those that comply with Article 2, Paragraph 1, Item 3, the authorized amount for fund lending by the Company or its subsidiaries to a single enterprise shall not exceed ten percent of the net worth of the borrowing company's most recent financial statements.</p> | <p>disbursements or provide revolving credit to the same borrower within a certain amount resolved by the Board of Directors and for a period not exceeding one year.</p> <p>The "certain amount" mentioned in the preceding paragraph, except for those that comply with Article 2, Paragraph 1, Item 3, the authorized amount for fund lending by the Company or its subsidiaries to a single enterprise shall not exceed ten percent of the net worth of the borrowing company's most recent financial statements.</p> | |

Solar Applied Materials Technology Corp.

Comparison Table of Revised Articles of**【Procedures for Endorsements and Guarantees】**

| Revised Articles | Current Articles | Description |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 6: Procedures for Endorsement and Guarantee</p> <p>2. The responsible personnel of the Financial Department of the Company shall compile the relevant information and evaluation results mentioned in the preceding paragraph. If the accumulated balance of endorsements and guarantees at the time of processing has not exceeded 30% of the current net worth, they shall be implemented after obtaining the approval of the Chairman, and subsequently submitted to the next Board meeting for ratification; if the accumulated balance of endorsements and guarantees has already exceeded 30% of the current net worth, it shall be submitted to the Board of Directors for approval, and handled according to the Board's resolution.</p> <p><u>Material endorsements and guarantees should be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for resolution.</u></p> | <p>Article 6: Procedures for Endorsement and Guarantee</p> <p>2. The responsible personnel of the Financial Department of the Company shall compile the relevant information and evaluation results mentioned in the preceding paragraph. If the accumulated balance of endorsements and guarantees at the time of processing has not exceeded 30% of the current net worth, they shall be implemented after obtaining the approval of the Chairman, and subsequently submitted to the next Board meeting for ratification; if the accumulated balance of endorsements and guarantees has already exceeded 30% of the current net worth, it shall be submitted to the Board of Directors for approval, and handled according to the Board's resolution.</p> | <p>In accordance with Article 14-5, Paragraph 6 of the Securities and Exchange Act, Paragraph 2 of this Article is hereby amended.</p> |

Solar Applied Materials Technology Corp.

Comparison Table of Amended Articles for Procedures for**【Election of Directors】**

| Revised Articles | Current Articles | Description |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Article 7: <u>The "Candidate" column on each ballot may have one selection checked from the "Candidate List" prepared by the Company. However, shareholders who vote via electronic voting are not subject to this restriction.</u> | Article 7 Deleted. | In accordance with the amendment of laws and regulations, this article is hereby amended. |
| Article 8: Ballots shall be deemed invalid if they fall under any of the following circumstances: 1. Ballots not prepared by the person having the right to convene the meeting. 2. Ballots containing writing other than the distribution of voting rights. 3. Ballots with illegible writing or those that have been altered. 4. Ballots where the name of the candidate does not match the list of director candidates after verification. 5. Ballots where the number of candidates filled in exceeds the required number of positions to be | Article 8: Ballots shall be deemed invalid if they fall under any of the following circumstances:" 1. Ballots not prepared by the person having the right to convene the meeting. 2. Ballots containing writing other than the distribution of voting rights. 3. Ballots with illegible writing or those that have been altered. 4. Ballots where the name of the candidate does not match the list of director candidates after verification. 5. Ballots where the number of candidates filled in exceeds the required number of positions to be | In accordance with the amendment of laws and regulations, paragraphs 6 and 7 of this article have been revised. |

| Revised Articles | Current Articles | Description |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------|
| <p>elected.</p> <p>6. Ballots not placed in the ballot box or blank ballots that have not been written on or marked.</p> <p><u>7. Ballots where more than two candidates are selected from the list of "candidates" prepared by the Company in the "elected person" column.</u></p> | <p>elected.</p> <p>6. Ballots not placed in the ballot box or blank ballots without any writing.</p> | |

Spin off Plan Related Documents

Solar Applied Materials Technology Corp. Spin-off Plan

Solar Applied Materials Technology Corp. (hereinafter referred to as "SOLAR") intends to enhance its competitiveness and operational performance through organizational restructuring and professional division of labor by spinning off the relevant operations (including assets, liabilities, and business) of the Thin Film and Electronic Materials Business Group - Semiconductor Business to XALLOY Advanced Materials Corporation. (hereinafter referred to as "XALLOY"), a company to be established by Solar, in exchange for newly issued shares from XALLOY to SOLAR (hereinafter referred to as the "Spin-off"). In accordance with the Business Mergers and Acquisitions Act, the Company Act, and the relevant laws and regulations of the Republic of China,

This Spin-off Plan (hereinafter referred to as the "Plan") is hereby established as follows:

Article 1: Method of spin-off and companies participating in the spin-off

This spin-off adopts the method of division, whereby SOLAR will spin off and transfer the relevant operations (including assets, liabilities, and business) of the Thin Film and Electronic Materials Business Group - Semiconductor Business to XALLOY, and XALLOY will issue new shares to SOLAR as consideration. The companies participating in this spin-off are as follows:

The company being divided: Solar Applied Materials Technology Corp.

Company receiving the business: XALLOY Advanced Materials Corporation.

Article 2: The Articles of Incorporation of XALLOY Advanced Materials Corporation. are detailed in the attachment below.

Article 3: Scope of business, business value, assets, and liabilities to be transferred by SOLAR in the spin-off

1. Scope of business to be transferred in the spin-off:

- (1) SOLAR's Thin Film and Electronic Materials Business Group - production, sales operations, and related personnel for semiconductor business.
- (2) Machinery, equipment, inventory, bank deposits, accounts receivable, and other related assets (including tangible and intangible assets) and related liabilities required for SOLAR's Thin Film and Electronic Materials Business Group - semiconductor business.
- (3) Related contracts (including but not limited to: sales contracts, technology licensing agreements, technical service agreements, loan agreements, and other related contracts), litigation cases, legal relationships, legal status, licenses, permits, and related rights and interests of SOLAR's Thin Film and Electronic Materials Business Group - semiconductor business. The transfer of contracts that require the consent of the original contracting party shall only take effect after obtaining the consent of that party.

- (4) All technologies, software, know-how, and trade secrets related to the Thin Film and Electronic Materials Business Group - semiconductor business, developed and owned by SOLAR before the spin-off date, shall be completely transferred to XALLOY. SOLAR and XALLOY shall cooperate with each other to handle the procedures for the transfer of the aforementioned intellectual property rights, technology transfer procedures, rights maintenance procedures, and provide relevant data, documents, and programs, to enable the other party to exercise relevant rights; after the spin-off date, the rights maintenance fees shall be borne by XALLOY. The spin-off of intellectual property rights in this item does not affect the rights previously granted to others before the spin-off and the confidentiality obligations that should be fulfilled. The licensing or transfer of patents and pending applications related to XALLOY shall be separately agreed upon by both parties.
 - (5) Other assets, liabilities, rights and obligations, benefits, unexpired or unutilized tax incentives enjoyed by the transferred business/property, licenses, permits, and related legal relationships, factual relationships, and positions related to SOLAR's Thin Film and Electronic Materials Business Group - semiconductor business.
2. Value of the transferred business: This is calculated as the transferred assets minus liabilities, which is estimated to be NT\$938,822,503.
 3. Transferred assets: The estimated assets to be transferred are NT\$1,067,604,355.
 4. Transferred liabilities: The estimated liabilities to be transferred are NT\$128,781,853.
 5. The aforementioned value of the transferred business, assets, and liabilities are based on the book value in SOLAR's self-prepared financial statements as of December 31, 2024. However, the actual amounts shall be based on the book value as of SOLAR's spin-off record date.
 6. If adjustments to the aforementioned transferred assets and liabilities are necessary, SOLAR's shareholders' meeting may authorize its Board of Directors to make such adjustments. The same applies if adjustments to the business value or the proportion of shares issued by XALLOY are required as a result.

Article 4: Proportion and Calculation Method for the Number of Shares Issued by XALLOY in Exchange for the Business Value, Assets, and Liabilities Transferred by the Splitting Company

1. Share exchange ratio: The business value transferred by SOLAR is NT\$938,822,503, exchanged at approximately NT\$31.29 per share for 1 newly

issued common share of XALLOY. In total, SOLAR will receive 30,000,000 common shares of XALLOY. If there is any insufficient amount to exchange for one share, XALLOY shall make a one-time cash payment to SOLAR within thirty days after completing the registration of changes, based on the business value of the insufficient shares.

2. Calculation basis: The aforementioned share exchange ratio is established with reference to the book value of the assets and liabilities to be transferred by SOLAR, the net value per share, and expert opinions on the spin-off exchange ratio. The details are provided in Appendix 1.

Article 5: Adjustment of Business Value, Assets and Liabilities Transferred by the Dividing Company, and the Number and Ratio of Shares Issued by XALLOY in Exchange for the Assumed Business In the event of the following circumstances, the ratio of new shares issued by XALLOY in exchange as specified in this division case may be changed by the SOLAR shareholders' meeting authorizing its board of directors to alter the number of shares issued and/or the price per share, and the business value acquired by XALLOY due to the division shall be adjusted accordingly:

1. If, on the spin-off reference date, the business transferred according to this spin-off plan requires adjustments to its business value due to changes in the scope or value of assets or liabilities, or for other reasons.
2. If the assets and liabilities to be transferred by SOLAR undergo changes in details or amounts due to asset revaluation, depreciation, amortization, additions, or impairments.
3. If adjustments to the proportion of shares issued by XALLOY as stated in Article 4 become necessary due to changes in laws or regulations, or directives from relevant competent authorities.

Article 6: Total Number, Type, and Quantity of Shares Issued by the Company Accepting the Business

1. XALLOY will issue 30,000,000 common shares to SOLAR in exchange for the business value of NT\$938,822,503 that it is accepting in this spin-off case.
2. XALLOY shall complete the registration of changes in accordance with the law after the spin-off reference date and issue common shares to SOLAR. After the completion of this spin-off case, SOLAR will directly hold one hundred percent of XALLOY's shares.

Article 7: Purchase and Cancellation of Dissenting Shareholders' Shares

If SOLAR shareholders legally express dissent regarding matters related to this spin-off case or this plan, SOLAR shall repurchase the shares held by such dissenting shareholders in accordance with legal provisions; the shares thus repurchased shall be disposed of or cancelled as permitted by the competent authority in accordance with the law, and registration of the changes shall be

completed.

Article 8: Obligation to Notify and Publish Announcements to Creditors

1. After this spin-off case is approved by resolution of SOLAR's shareholders' meeting, SOLAR shall immediately prepare a balance sheet and inventory of assets, and notify its individual creditors and announce the spin-off resolution, specifying a period of not less than thirty days, declaring that creditors may raise objections within this period. If a creditor raises an objection within the specified period, SOLAR shall handle it in accordance with the relevant legal provisions.
2. If the debts cleared by SOLAR to objecting creditors in accordance with the preceding paragraph fall within the scope of the assets and liabilities to be transferred under this spin-off plan, the Board of Directors of SOLAR is authorized to adjust the business scope, business value, assets, and liabilities stipulated in Article 3. The same applies if it is necessary to adjust the ratio or price of new shares issued by XALLOY as a result.

Article 9: Succession of Rights and Obligations After the Spin-off and Related Matters

1. From the spin-off reference date, all assets, liabilities, and all rights and obligations that remain valid as of the spin-off reference date that are transferred by SOLAR shall be comprehensively assumed by XALLOY in accordance with the law; SOLAR shall cooperate in completing any related procedures as required.
2. Except for transferred liabilities and debts of SOLAR before the spin-off that are divisible, XALLOY shall bear joint and several liability with SOLAR for the debts of SOLAR before the spin-off, within the scope of the business assets it receives, in accordance with the Business Mergers and Acquisitions Act. However, the creditor's right to claim joint and several liability shall be extinguished if not exercised within two years from the spin-off reference date.

Article 10: Handling of Employee Transfers and Employment

Employees related to SOLAR's Thin Film and Electronic Materials Business Group - Semiconductor Business will continue to be employed by XALLOY, and XALLOY will recognize the years of service of the employed staff.

Article 11: Spin-off Reference Date

1. The spin-off reference date shall be determined by SOLAR's Board of Directors after the spin-off plan is approved by SOLAR's shareholders' meeting and the relevant competent authorities (including the Financial Supervisory Commission and the Taipei Exchange grant their permission or approval. It is currently tentatively set for October 1, 2025. If it is necessary to adjust the spin-off reference date, SOLAR's Board of Directors is authorized to determine it.
2. On the spin-off reference date, SOLAR shall transfer the business, personnel,

equipment, and other relevant assets and liabilities of its Thin Film and Electronic Materials Business Group - Semiconductor Business to XALLOY.

Article 12: Plan Implementation Progress, Expected Completion Schedule, and Handling of Delays

1. This spin-off plan is expected to be approved at the shareholders' meeting scheduled for June 12, 2025, but SOLAR's Board of Directors may set a different date for the shareholders' meeting based on actual circumstances.
2. The implementation progress of this spin-off plan, the spin-off reference date, and matters related to the scheduled dates for convening board meetings or shareholders' meetings if the spin-off plan is not completed by the deadline as required by law, shall be authorized to be determined by SOLAR's Board of Directors.

Article 13: Allocation of Taxes and Expenses

1. Unless otherwise stipulated in this plan, all taxes or expenses arising from the signing or fulfillment of this plan shall be shared equally between both parties, with each bearing one-half, except for those qualifying for tax exemptions or levy exemptions. If this plan does not take effect due to failure to obtain approval from the shareholders' meeting, rejection by the relevant competent authorities, or other reasons, the already incurred legal, accounting, and related expenses shall be borne by SOLAR.
2. Both parties shall cooperate with each other to secure tax incentives and preferential measures related to this case.

Article 14: Changes to the Paid-in Capital of the Divested Company

SOLAR's paid-in capital will be maintained at its original amount without capital reduction after the completion of this spin-off, except for any share cancellation and capital reduction required by law.

Article 15: Applicable Law

This spin-off plan shall comply with the relevant laws of the Republic of China. In case of any disputes regarding this plan, the Taiwan Tainan District Court shall be the court of first instance jurisdiction.

Article 16: Other Matters

1. If any provision of this plan conflicts with relevant laws and regulations and becomes invalid, only the conflicting part shall be invalid, while other provisions shall remain valid. As for the parts of the provisions that become invalid due to conflict with relevant laws and regulations, the Board of Directors of SOLAR shall be authorized by SOLAR's shareholders' meeting to determine alternative provisions within legal boundaries.
2. If any provision of this plan requires amendment based on the instructions of the relevant competent authorities, it shall be amended directly in accordance with

the content indicated by the relevant competent authorities or shall be revised by SOLAR's Board of Directors in accordance with the instructions of the relevant competent authorities.

3. This plan shall become effective only after being submitted to and approved by resolution of SOLAR's shareholders' meeting. Moreover, if this plan fails to obtain the approval or permission of the relevant competent authorities, it shall be deemed ineffective from the beginning.

Article 17: For any matters not covered in this plan, they shall be handled in accordance with relevant laws and regulations and the requirements of the competent authorities. When not specified by laws, regulations, or the competent authorities, the shareholders' meeting of SOLAR authorizes the Board of Directors to handle such matters with full authority.

Solar Applied Materials Technology Corp.
**Expert Opinion on the Reasonability of the Share Exchange
Ratio for Spin-off**

Recipient: Solar Applied Materials Technology Corp.

Subject: Regarding Solar Applied Materials Technology Corp.'s plan to transfer the net assets (including assets and liabilities) related to its semiconductor business by way of split-off in exchange for common shares issued by XALLOY Advanced Materials Corporation. (hereinafter referred to as "XALLOY"), I hereby present my opinion on the reasonableness of the split-off exchange ratio. Please review the following opinion provided by this accountant.

1. Case Introduction

Solar Applied Materials Technology Corp. (hereinafter referred to as "SOLAR") plans to enhance its competitiveness and operational performance through professional division of labor and organizational restructuring. A resolution is expected to be passed at the Board meeting on March 7, 2025, to transfer the net assets (including assets and liabilities) related to its semiconductor business, amounting to NT\$938,822 thousand, by way of split-off in exchange for common shares of XALLOY Advanced Materials Corporation. (not yet established, temporarily referred to as "XALLOY") at NT\$31.294 per share. SOLAR will receive 30,000,000 shares in exchange. After the Board's approval, the establishment of XALLOY will proceed. SOLAR is expected to hold all issued shares of XALLOY, with a 100% shareholding ratio, making SOLAR the parent company of XALLOY. The accountant intends to express an opinion on the reasonableness of the exchange ratio.

2. Calculation of the Spin-off Exchange Ratio

- (1) The book value of assets and liabilities proposed to be demerged by SOLAR as of December 31, 2024, is temporarily based on Solar's financial statements as of December 31, 2024, which have been audited and certified by an accountant. The amounts of assets and liabilities are NT\$1,067,604 thousand and NT\$128,782 thousand respectively, with net assets of NT\$938,822 thousand, as detailed in the following table:

Unit: NT\$ thousand

| Item | Amount |
|-------------------------------------|-----------|
| Assets | |
| Current Assets | 864,176 |
| Property, Plant and Equipment (Net) | 153,148 |
| Other Assets | 50,280 |
| Total Assets (1) | 1,067,604 |
| Liabilities | |
| Current Liabilities (2) | 128,782 |
| Net Assets (1)-(2) | 938,822 |

Source: Pro-forma statements provided by SOLAR

- (2) XALLOY plans to issue 30,000,000 common shares to SOLAR, with an issue price of NT\$31.294 per share, to acquire the relevant net assets of SOLAR's semiconductor business.

3. Description of the Reasonableness of the Spin-off Exchange Ratio

The exchange ratio between the two parties in the spin-off transfer is determined by the valuation of SOLAR's split value and the calculation of XALLOY's per share issue price, explained as follows:

- (1) In this spin-off case, both parties have a 100% investment relationship as affiliated companies both before and after the share exchange. Its nature is an organizational restructuring rather than an actual transaction. According to the Accounting Research and Development Foundation of the Republic of China's Letter No. 128 dated June 14, 2002, "Accounting Treatment Involved in Company Spin-offs," when an enterprise (transferring company) transfers its business to another company (receiving company) and acquires shares issued by the receiving company, if the transferring company and the receiving company were originally affiliated companies, the nature is considered an organizational restructuring. Therefore, the accounting treatment should be based on the original book value of the assets (if there is asset impairment). The amount after recognizing the loss should be used as the basis) minus liabilities as the cost of acquiring the equity, without recognizing exchange gains; the receiving company should also use the book value of the transferring company's original assets and liabilities (if there is asset impairment, the amount after recognizing the loss should be used as the basis) as the cost of acquiring assets and liabilities, and based on the net amount of the two, the par value portion is treated as share capital, while the portion exceeding the par value is treated as capital surplus.

Additionally, according to Paragraph 38 of International Financial Reporting Standard No. 3 "Business Combinations," "..... Sometimes the transferred assets or liabilities still exist within the combined entity after the business combination (for example, because the assets or liabilities were transferred to the acquiree rather than to their original owners), and the acquirer therefore retains control over those assets or liabilities. In that situation, the acquirer should measure the aforementioned assets or liabilities at their carrying amounts immediately before the acquisition date, and shall not recognize a gain or loss in profit or loss on assets or liabilities that the acquirer controls both before and after the business combination. Since the net assets related to SOLAR's semiconductor business transferred in the business combination still exist within the combined entity after the combination, SOLAR Company should measure the related net assets of the semiconductor business at their original book value and should not recognize any gain or loss.

Based on the above, it is reasonable for SOLAR to transfer the assets and liabilities intended for spin-off to XALLOY at their book value.

- (2) XALLOY will issue 30,000,000 new shares at NT\$31.294 per share, representing a net value amount of NT\$938,822 thousand, in exchange for SOLAR Company's split-off business operations with related assets and liabilities valued at NT\$938,822 thousand. Since XALLOY is a one hundred percent owned subsidiary of SOLAR Company, and the combined net value after the transfer is equivalent to the net assets, the share exchange ratio for this spin-off is considered reasonable.

4. Conclusion and Limitations

- (1) Based on the above, regarding the share exchange ratio for SOLAR's spin-off of its semiconductor business, it is determined according to the book value of the assets and liabilities intended for spin-off from SOLAR's December 31, 2025 financial statements audited by accountants, with reference to the interpretative letters from the Accounting Research and Development Foundation and International Financial Reporting Standard No. 3. XALLOY will issue 30,000,000 ordinary shares at NT\$31.294 per share to SOLAR as consideration. In my opinion as an accountant, the share exchange ratio for this case is reasonable. Furthermore, since the receiving company, XALLOY, is a 100% owned subsidiary of SOLAR, this spin-off has no impact on SOLAR's shareholders' equity.

- (2) The reasonableness assessment of this spin-off case is based on evaluation of SOLAR's financial statements audited by accountants as of December 31, 2025. However, the actual spin-off amount and ratio will be based on the book value as of the spin-off reference date.
- (3) The information listed in this opinion is provided by SOLAR, and has not been audited by this accountant, therefore no opinion is expressed. This case only involves the evaluation of the spin-off share exchange ratio by an independent expert as a third party; the independent expert did not actually participate in the transaction process and content planning of both parties in this spin-off case.
- (4) This opinion is provided solely for reference by SOLAR's Board of Directors and shareholders' meeting, or for submission to relevant authorities, and should not be used for any other purposes.

Chincheng Certified Public Accountants

Certified Public Accountant

Certified Public Accountant Certificate Number: Financial Supervisory Commission
Certificate No. 7778

Address: No. 3, Alley 66, Lane 52, Zhongzheng South Road, Yongkang District, Tainan City

February 27, 2025

Expert Independence Statement

Recipient: Solar Applied Materials Technology Corp.

Subject: Our firm has been commissioned to issue an opinion on your company's proposed division of the net assets related to the semiconductor business (including assets and liabilities) in exchange for common shares issued by XALLOY Advanced Materials Corporation. (hereinafter referred to as "XALLOY"). I hereby make the following declarations regarding the reasonableness of the share exchange ratio for this division:

Description:

1. I, the undersigned accountant, in accordance with the provisions of "Ethical Standards Bulletin No. 10: Integrity, Impartiality, Objectivity, and Independence" issued by the National Federation of Certified Public Accountants Associations of the Republic of China, hereby declare that I have complied with the following standards and have not violated any professional or independence requirements.
 - (1) I am a qualified accountant under Article 5 of the Certified Public Accountants Act and have fulfilled the continuing education requirements for accountants.
 - (2) I, my spouse, and dependent relatives do not have any of the following circumstances:
 1. Hold any significant direct or indirect financial interests in your company.
 2. Have any commercial relationships with your company, its directors, supervisors, or managerial officers that would affect independence.
 3. Employed by your company for regular work and receiving a fixed salary.
 4. Have been dismissed from or resigned from a position as a director, supervisor, managerial officer, or employee with significant influence over this case at your company within the past two years.
 5. My spouse works for an entity that is a related party to a transaction

counterparty in this case.

- (3) During the execution of the aforementioned business period, I, my spouse, and dependent relatives have not served as directors, supervisors, managerial officers, or in positions that have a direct and significant influence on the audit work of your company.
- (4) I, as the certified public accountant, do not have any relationship with your company's directors, supervisors, managerial officers, or persons in important positions by way of spouse, lineal consanguinity, direct affinity, or collateral consanguinity within the second degree.
- (5) I, as the certified public accountant, have not received any gifts or presents of significant value from your company, its directors, supervisors, managerial officers, or major shareholders (the value of which does not exceed the standards of general social etiquette).
- (6) I, as the certified public accountant, have carried out the necessary independence/conflict of interest procedures, and have not found any violation of independence or unresolved conflict of interest.
- (7) I, as the certified public accountant, or my spouse have a relationship of significant investment or shared financial interest with your company.
- (8) There is no predetermined circumstance in the conclusion of opinion for this case.
- (9) There is no situation of receiving or having remuneration in this case.

Chincheng Certified Public Accountants
Certified Public Accountant

Certified Public Accountant Certificate Number: Financial Supervisory
Commission Certificate No. 7778

February 27, 2025

Independent Expert Resume

Name: Cheng-cheng, Wu

Current Position:

Managing Partner of Chincheng Certified Public Accountants

Practicing Certified Public Accountant

Education:

Master's Degree in Accounting and Information Systems, Southern Taiwan University of Science and Technology

Professional Qualifications:

Passed the Certified Public Accountant Examination of the Republic of China

Passed the Certified Public Bookkeeper Examination of the Republic of China

Level B Accounting Affairs Certificate

Experience:

Practicing Certified Public Accountant at Chincheng Certified Public Accountants

Assistant Vice President of Audit Department at Deloitte Taiwan

Audit Department at Ernst & Young

Director of Kun Shan University Alumni Association

Articles of Incorporation of XALLOY Advanced Materials Corporation.

Chapter 1 General Provisions

Article 1: The Company is organized in accordance with the Company Act and is named XALLOY Advanced Materials Corporation.

The English name of the Company is XALLOY Advanced Materials Corporation.

Article 2: The business operations of the Company are as follows:

1. C801010 Basic Chemical Industry;
2. C801030 Precision Chemical Materials Manufacturing Industry;
3. C801990 Other Chemical Materials Manufacturing Industry;
4. C802090 Cleaning Products Manufacturing Industry;
5. C802170 Toxic and Concerned Chemical Substances Manufacturing Industry;
6. C802990 Other Chemical Products Manufacturing Industry;
7. C803990 Other Petroleum and Coal Products Manufacturing Industry;
8. C901010 Ceramics and Ceramic Products Manufacturing Industry;
9. C901060 Refractory Materials Manufacturing Industry;
10. C901990 Other Non-Metallic Mineral Products Manufacturing Industry;
11. CA01090 Aluminum Casting Industry;
12. CA01100 Aluminum Rolling, Drawing, and Extruding Industry;
13. CA01110 Copper Refining Industry;
14. CA01120 Copper Casting Industry;

15. CA01130 Copper Rolling, Drawing, and Extruding Industry;
16. CA01150 Magnesium Casting Industry;
17. CA01160 Magnesium Rolling, Drawing, and Extruding Industry;
18. CA01990 Other Non-ferrous Metal Basic Industries;
19. CA02080 Metal Forging Industry;
20. CA02090 Metal Wire Products Manufacturing Industry;
21. CA02990 Other Metal Products Manufacturing Industry;
22. CA03010 Heat Treatment Industry;
23. CA04010 Surface Treatment Industry;
24. CA05010 Powder Metallurgy Industry;
25. CB01020 Office Machinery Manufacturing Industry;
26. CB01030 Pollution Prevention Equipment Manufacturing Industry;
27. CC01090 Battery Manufacturing Industry;
28. CG01010 Jewelry and Precious Metal Products Manufacturing Industry;
29. E599010 Piping Engineering Industry;
30. E603100 Electric Welding Engineering Industry;
31. E603120 Sandblasting Engineering;
32. E604010 Machinery Installation Industry;
33. EZ99990 Other Engineering Industries;
34. F107060 Toxic and Concerned Chemical Substances Wholesale Industry;

- 35. F107200 Chemical Materials Wholesale Industry;
- 36. F112040 Petroleum Products Wholesale Industry;
- 37. F115010 Jewelry and Precious Metals Wholesale Industry;
- 38. F199010 Recycled Materials Wholesale Industry;
- 39. F207060 Toxic and Concerned Chemical Substances Retail Industry;
- 40. F215010 Jewelry and Precious Metals Retail Industry;
- 41. F401010 International Trade Industry;
- 42. J101030 Waste Disposal Industry;
- 43. J101040 Waste Treatment;
- 44. J101060 Waste (Sewage) Water Treatment Industry;
- 45. J101080 Resource Recycling Industry.
- 46. ZZ99999 Apart from licensed businesses, businesses not prohibited or restricted by law may be operated.

Article 3: The Company's headquarters shall be established in Tainan City. When necessary, branches may be established domestically or overseas upon resolution by the Board of Directors.

Article 4: The Company may provide endorsements or guarantees for external parties based on business needs and the principle of reciprocity.

Article 5: The Company's methods of public announcement shall be handled in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 6: The total capital of the Company is set at NTD 300 million, divided into

30,000,000 shares, with a par value of NTD 10 per share. For the unissued portion, the Board of Directors is authorized to issue shares in installments as business needs require.

Article 7: The targets for transfer of shares repurchased by the Company in accordance with the Company Act, issuance of employee stock options, employee subscription of newly issued shares in cash capital increase, and issuance of restricted employee shares may include employees of controlling or subsidiary companies who meet certain conditions. The Board of Directors is authorized to determine such conditions and allocation methods.

Article 8: All shares of the Company shall be registered, numbered, and signed or sealed by the Directors representing the Company, and shall be issued after certification by a bank authorized by law to act as a share certificate certifying institution.

Article 9: The procedure for the transfer of shares shall be handled in accordance with Article 165 of the Company Act.

Article 10: No changes shall be made to the shareholders' register within 30 days prior to a regular shareholders' meeting, within 15 days prior to a special shareholders' meeting, or within 5 days prior to the record date on which the Company decides to distribute dividends, bonuses, or other benefits.

Chapter 3 Shareholders' Meetings

Article 11: Shareholders' meetings are divided into two types: regular meetings and special meetings. Regular meetings shall be convened once a year, within six months after the end of each fiscal year, and shall be convened by the Board of Directors in accordance with Article 172 of the Company Act. Special meetings shall be convened as necessary in accordance with the law. Shareholders with less than one thousand shares may be notified by public announcement. The notice and announcement shall specify the reason for convening the meeting. With the consent of the recipient, the notice may be given by electronic means. When the Company convenes a shareholders' meeting, shareholders may exercise their voting rights in writing or by electronic means. The method of exercising such rights shall be handled in accordance with relevant laws and regulations.

Article 12: When the Company convenes a shareholders' meeting, it may be conducted by video conference or other means announced by the central competent authority.

Article 13: When a shareholder is unable to attend a shareholders' meeting for any reason, they may issue a proxy form in accordance with Article 177 of the Company Act to appoint a proxy to attend on their behalf.

Article 14: Each share of the Company carries one voting right, except for shares that have no voting rights pursuant to Article 179 of the Company Act and other relevant laws and regulations.

Article 15: Unless otherwise provided by law, resolutions of the shareholders' meeting shall be adopted by a majority of the voting rights represented by the shareholders present who represent more than half of the total issued shares.

Article 16: When the Company is organized by a single government or institutional shareholder, the powers of the shareholders' meeting shall be exercised by the Board of Directors, and the provisions of these Articles of Incorporation regarding shareholders' meetings shall not apply.

Chapter 4 Directors and Supervisors

Article 17: The Company shall have three Directors and one Supervisor, with a term of office of three years. They shall be elected from among persons with legal capacity at the shareholders' meeting and may be re-elected for consecutive terms.

Article 18: The Board of Directors shall be composed of the Directors. The Chairman shall be elected from among the Directors by a majority vote of the Directors present at a meeting attended by at least two-thirds of the Directors. The Chairman shall represent the Company externally and execute all affairs of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the shareholders' meetings and the Board of Directors.

Article 19: The convening of a Board of Directors meeting shall be notified to all Directors and the Supervisor three days in advance. In case of emergency, a Board of Directors meeting may be convened at any time. The notifications for convening meetings mentioned in the preceding two paragraphs may be made by electronic means with the consent of the recipients. The convening notice of the Board of Directors meeting shall specify the reasons for convening the meeting.

Article 20: When the Chairman is on leave or unable to exercise his/her powers for any reason,

the acting chairman shall be appointed in accordance with Article 208 of the Company Act. When the Board of Directors convenes a meeting, Directors shall attend in person; however, they may also be represented by other Directors as proxies. When the Board of Directors convenes a meeting via video conference, Directors who participate in the meeting through video conference shall be deemed to have attended the meeting in person. When a Director appoints another Director to attend a Board of Directors meeting as a proxy, the Director shall issue a proxy form for each appointment and specify the scope of authorization regarding the agenda items of the meeting. The proxy mentioned in the preceding paragraph may act as a proxy for only one Director. With the unanimous consent of all Directors of the Company, Directors may exercise their voting rights in writing for the current Board meeting agenda items without actually attending the meeting. In the case of the preceding paragraph, the Board of Directors meeting shall be deemed to have been convened; Directors who exercise their voting rights in writing shall be deemed to have attended the Board meeting in person.

Article 21: The duties and powers of the Board of Directors of the Company are as follows:

1. Approval and implementation of the Company's business policies.
2. Approval of the Company's financial planning and auditing of daily financial receipts and disbursements.
3. Approval of the Company's personnel organization and the appointment and dismissal of important staff.
4. Preparation of the Company's budget and final accounts.
5. Review of the Company's business reports.
6. Plan the increase or decrease of the Company's capital.
7. Planning for the Company's profit distribution or loss coverage.
8. Review and execution of external contracts.
9. Approval of the Company's important regulations and documents.
10. Management of the Company's assets.

11. Implementation of resolutions adopted by the Board of Directors.

12. Other authorities granted in accordance with laws, regulations, and by the shareholders' meeting.

Article 22: The Supervisor may attend the Board of Directors' meetings and express opinions. If the Board of Directors or any Director violates laws, Articles of Incorporation, or resolutions of the Shareholders' Meeting while conducting business, the Supervisor shall immediately notify the Board of Directors or such Director to cease such acts.

Chapter 5 Managerial Officers

Article 23: The Company shall have a President. The appointment, removal, and remuneration of the President shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 24: At the end of each fiscal year, the Board of Directors shall prepare the following statements and submit them to the regular Shareholders' Meeting for approval in accordance with legal procedures: (1) Business Report. (2) Financial Statements. (3) Proposal for distribution of profits or making up for losses.

Article 25: If the Company makes a profit in the year, it shall allocate no less than 2 percent as employee compensation and no more than 5 percent as directors' compensation. However, if the Company has accumulated losses, it shall first reserve an amount to offset the losses. Employee compensation may be distributed in the form of stock or cash, and the recipients may include employees of controlling or subsidiary companies who meet certain conditions.

Article 26: If the Company has profits in its annual final accounts, it shall first pay taxes and offset accumulated losses, then allocate 10% as legal reserve, unless the legal reserve has reached the amount of the paid-in capital. The remainder, after distribution of dividends, if there are still profits, shall be distributed as shareholders' bonuses as resolved by the Shareholders' Meeting.

Chapter 7 Bylaws

Article 27: Matters not stipulated in these Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 28: These Articles of Incorporation were established on March 12, 2025

XALLOY Advanced Materials Corporation.

Chairman: Chii-Feng Huang

SOLAR Applied Materials Technology Co., Ltd.

Chairman: Chii-Feng Huang

Solar Applied Materials Technology Corp.

Comparison Table of Amendments to the**【Procedures for Engaging in Derivatives Transactions】**

| Revised Articles | Current Articles | Description |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 4: Division of Responsibilities</p> <p><u>1. Precious Metals Hedging Transaction Unit:</u></p> <p>(1). Responsible for operating derivatives transactions to hedge against risks arising from the Company's business operations.</p> <p>(2). The supervisor of the <u>Precious Metals Hedging Transaction Unit</u> shall assign personnel to conduct derivative transactions and confirmations, subject to the Chairman's approval, and the company shall sign written authorization agreements with the financial institutions for transactions.</p> | <p>Article 4: Division of Responsibilities</p> <p><u>1. Precious Metal Management Center:</u></p> <p>1. Responsible for operating derivatives transactions to hedge against risks arising from the Company's business operations.</p> <p>2. The supervisor of the <u>Precious Metal Management Center</u> shall assign personnel to conduct derivative transactions and confirmations, subject to the Chairman's approval, and the company shall sign written authorization agreements with the financial institutions for transactions.</p> | <p>In accordance with the organizational name change on January 15, 2025, the "Precious Metal Management Center" is renamed as "Precious Metals Hedging Transaction Unit", with no changes to other responsibilities and operational guidelines.</p> |
| <p>Article 7: Establishment of Maximum Loss Limits for All Transaction Contracts and Individual Transaction Contracts</p> <p>(2). When the maximum loss limit for all contracts or individual contracts is</p> | <p>Article 7: Establishment of Maximum Loss Limits for All Transaction Contracts and Individual Transaction Contracts</p> <p>(2). When the maximum loss limit for all contracts or individual contracts is</p> | <p>In accordance with the organizational name change on January 15, 2025, the "Precious Metal Management Center" is renamed as "Precious Metals Hedging Transaction Unit", with no changes to other responsibilities and</p> |

| Revised Articles | Current Articles | Description |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <p>reached, the trading personnel shall discuss with the supervisor of the <u>Precious Metals Hedging Transaction Unit</u>, and submit a written report explaining the measures to reduce losses and their impact on the company. After obtaining the Chairman's approval, the trading personnel shall implement the approved response measures and report to the next Board of Directors meeting.</p> | <p>reached, the trading personnel shall discuss with the supervisor of the <u>Precious Metal Management Center</u>, and submit a written report explaining the measures to reduce losses and their impact on the company. After obtaining the Chairman's approval, the trading personnel shall implement the approved response measures and report to the next Board of Directors meeting.</p> | <p>operational guidelines.</p> |

Release of Directors from Non-Competition Restrictions

| Name/Title | Position Held in Other Companies |
|-----------------|-------------------------------------------|
| Chii-Feng Huang | Rui Yang Precision Co., Ltd. Chairman |
| Chun-Hung Tung | Kuobrothers Corp. Independent Director |
| Feng-Chi Kao | New Asia Construction & Development Corp. |



Articles of Incorporation 2022.05.31

Chapter 1 General Provisions

Article 1: The Company is organized in accordance with the Company Act and is named Solar Applied Materials Technology Corp.

Article 2: The business scope of the Company is as follows:

1. C801010 Basic Chemical Industry.
2. C801030 Precision Chemical Materials Manufacturing Industry.
3. C801990 Other Chemical Materials Manufacturing Industry.
4. C802090 Cleaning Products Manufacturing Industry.
5. C802170 Toxic Chemical Substances Manufacturing Industry.
6. C802990 Other Chemical Products Manufacturing Industry.
7. C803990 Other Petroleum and Coal Products Manufacturing Industry.
8. C901010 Ceramics and Ceramic Products Manufacturing Industry.
9. C901060 Refractory Materials Manufacturing Industry.
10. C901990 Other Non-metallic Mineral Products Manufacturing Industry.
11. CA01090 Aluminum Casting Industry.
12. CA01100 Aluminum Rolling, Wire Drawing, and Extrusion Industry.
13. CA01110 Copper Refining Industry.
14. CA01120 Copper Casting Industry.
15. CA01130 Copper Rolling, Wire Drawing, and Extrusion Industry.
16. CA01150 Magnesium Casting Industry.
17. CA01160 Magnesium Rolling, Wire Drawing, and Extrusion Industry.
18. CA01990 Other Non-Ferrous Metal Basic Industries.
19. CA02080 Metal Forging Industry.
20. CA02090 Metal Wire Products Manufacturing Industry.
21. CA02990 Other Metal Products Manufacturing Industry.
22. CA03010 Heat Treatment Industry.
23. CA04010 Surface Treatment Industry.
24. CA05010 Powder Metallurgy Industry.
25. CB01020 Office Machinery Manufacturing Industry.
26. CB01030 Pollution Prevention Equipment Manufacturing Industry.
27. CC01090 Battery Manufacturing Industry.

28. CG01010 Jewelry and Precious Metal Products Manufacturing Industry.
29. E599010 Piping Engineering Industry.
30. E603100 Electric Welding Engineering Industry.
31. E603120 Sandblasting Engineering Industry.
32. E604010 Machinery Installation Industry.
33. EZ99990 Other Engineering Industries.
34. F107060 Toxic Chemicals Wholesale Industry.
35. F107200 Chemical Materials Wholesale Industry.
36. F112040 Petroleum Products Wholesale Industry.
37. F115010 Jewelry and Precious Metals Wholesale Industry.
38. F199010 Recycled Materials Wholesale Industry.
39. F207060 Toxic Chemical Substances Retail Industry.
40. F215010 Jewelry and Precious Metals Retail Industry.
41. F401010 International Trade Industry.
42. J101030 Waste Disposal Industry.
43. J101040 Waste Treatment Industry.
44. J101060 Waste (Sewage) Water Treatment Industry.
45. J101080 Resource Recycling Industry.
46. ZZ99999 Apart from licensed businesses, businesses not prohibited or restricted by law may be operated.

Article 3: The Company has its head office in Tainan City, and may establish branches at home and abroad when necessary upon resolution by the Board of Directors.

Article 4: The Company may provide external endorsements and guarantees based on business needs and principles of reciprocity.

Article 5: The Company's public announcements shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 6: The Company's total capital is set at NT\$8 billion, divided into 800 million shares, with a par value of NT\$10 per share. The unissued portion is authorized to be issued by the Board of Directors in installments as business needs require.

Within the aforementioned total capital, NT\$120 million may be allocated for issuing stock warrants, corporate bonds with warrants, or preferred shares with warrants, totaling 12 million shares with a par value of NT\$10 per share, which may be issued in installments.

Article 6-1: Treasury shares repurchased by the Company, employee stock options, restricted employee shares, and new shares reserved for employees in capital

increases through cash may be granted to employees of controlling or subordinate companies who meet certain conditions. The conditions and distribution methods shall be determined by the Board of Directors.

Article 6-2: If the Company transfers shares to employees at a price lower than the average price of the actual share repurchase, it shall be approved by a resolution at the most recent shareholders' meeting attended by shareholders representing more than half of the total issued shares, with the consent of more than two-thirds of the voting rights of the shareholders present.

Article 7: The Company's shares shall be registered shares, numbered and signed or sealed by a Director representing the Company, and issued after certification by a bank that is legally qualified to act as a share certificate certifier.

Article 7-1: The shares issued by the Company may be exempted from printing share certificates and shall be registered with a centralized securities depository enterprise.

Article 8: Transfer of shares shall be handled in accordance with Article 165 of the Company Act.

Chapter 3 Shareholders' Meeting

Article 9: Shareholders' meetings are divided into regular meetings and extraordinary meetings. Regular meetings shall be convened once a year, within six months after the end of each fiscal year, and shall be convened by the Board of Directors in accordance with Article 172 of the Company Act. Extraordinary meetings shall be convened as necessary in accordance with the law. For shareholders holding less than one thousand shares, notices may be given by public announcement. The notice and public announcement shall state the reasons for convening the meeting; if the party concerned agrees, the notice may be given electronically. When a company convenes a shareholders' meeting, shareholders may exercise their voting rights in writing or by electronic means, and the method of exercising such rights shall be handled in accordance with relevant laws and regulations.

Article 9-1: When the Company holds a shareholders' meeting, it may be conducted by video conference or other means announced by the central competent authority.

Article 10: When a shareholder is unable to attend a shareholders' meeting for some reason, the shareholder may issue a proxy in accordance with Article 177 of the Company Act to appoint a proxy to attend on their behalf.

Article 11: Each share of the Company's stock carries one voting right, but shares under Article 179 of the Company Act and other relevant laws and

regulations have no voting rights.

- Article 12: Unless otherwise provided by law, resolutions at shareholders' meetings shall be adopted by a majority of the voting rights represented by shareholders present who represent more than half of the total issued shares.

Chapter 4: Directors and Audit Committee

- Article 13: The Company shall have five to nine Directors with a term of three years. They shall be elected from persons with legal capacity at a shareholders' meeting and may be re-elected.
- The election of Directors adopts the candidate nomination system under Article 192-1 of the Company Act. Implementation of related matters shall be handled in accordance with the Company Act, Securities and Exchange Act, and other relevant laws and regulations.
- The total number of shares of the Company's registered stock held by all the Directors shall be determined in accordance with the standards stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the Securities and Futures Commission of the Ministry of Finance.
- Article 13-1: The Company shall have at least two Independent Directors among the aforementioned Directors, which shall not be less than one-fifth of the Director seats. The Company adopts the candidate nomination system for Independent Directors, who shall be elected by the shareholders' meeting from the list of candidates for Independent Directors. Regarding the professional qualifications, shareholding, restrictions on concurrent positions, nomination and election methods, and other matters to be complied with for Independent Directors, the Company shall handle these in accordance with the relevant regulations of the securities regulatory authority.
- Article 14: The Board of Directors shall be organized by the Directors. The Chairman shall be elected from among the Directors by a majority vote of the Directors present at a meeting attended by at least two-thirds of the Directors. A Vice Chairman may be elected in the same manner. The Chairman shall represent the Company externally and carry out all affairs of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the shareholders' meetings and the Board of Directors. The convening of the Board of Directors' meetings shall state the reason and notify each Director seven days in advance. However, in case of emergency,

a meeting may be called at any time.

The convening notice mentioned in the preceding paragraph may be made
in writing, by fax, or by electronic mail (E-mail).

Article 15: When the Chairman is on leave or unable to exercise his/her powers for any reason, the proxy shall be handled in accordance with Article 208 of the Company Act.

Article 15-1: Unless otherwise stipulated in the Company Act, a Board of Directors' meeting shall be attended by a majority of Directors and resolutions shall be adopted by a majority of the Directors present. If a Director is unable to attend a meeting for any reason, he/she may issue a proxy form specifying the scope of authorization with respect to the agenda of the meeting and appoint another Director to attend on his/her behalf. However, each Director may act as a proxy for only one other Director. When the Board of Directors holds a meeting via video conferencing, Directors who participate in the meeting through video conferencing shall be deemed to have attended the meeting in person.

Article 15-2: When the term of Directors expires without a timely re-election, their terms shall be extended until the newly elected Directors take office. However, if the competent authority orders the Company to hold a re-election within a specified period, and the re-election is not held by the deadline, the Directors shall be automatically discharged from their positions upon the expiration of that specified period.

Article 15-3: When vacancies in the Board of Directors reach one-third of the total number of Directors, the Board of Directors shall call a shareholders' meeting to elect replacement Directors within the period prescribed in Article 201 of the Company Act.

Article 15-4: The Company shall establish an Audit Committee and may establish other functional committees. The Audit Committee shall be composed of all independent directors, and the number of members shall not be less than three, with one of them serving as the convenor, and at least one member shall have accounting or financial expertise. The Audit Committee is responsible for exercising the powers of the supervisor as stipulated in the Company Act, the Securities and Exchange Act, and other laws and regulations, and shall comply with relevant laws, regulations, and company bylaws. The exercise of powers and related matters shall be conducted in accordance with relevant laws and regulations, and shall be separately prescribed by the Board of Directors.

Article 16: The powers of the Company's Board of Directors are as follows:

1. Approval and implementation of the Company's business policies.
2. Approval of the Company's financial planning and auditing of daily financial receipts and disbursements.
3. Approval of the Company's personnel organization and the appointment and dismissal of important staff.
4. Preparation of the Company's budget and final accounts.
5. Review of the Company's business reports.
6. Planning for the Company's capital increase or reduction.
7. Planning for the Company's profit distribution or loss coverage.
8. Review and execution of external contracts.
9. Approval of the Company's important regulations and documents.
10. Management of the Company's assets.
11. Implementation of resolutions adopted by the Board of Directors.
12. Other authorities granted in accordance with laws, regulations, and by the shareholders' meeting.

Chapter 5 Managerial Officers

- Article 17: The Company shall have one President. The appointment, dismissal and remuneration of the President shall be handled in accordance with Article 29 of the Company Act.
- Article 18: Deleted.

Chapter 6 Accounting

Article 19: The Company shall prepare the following statements at the end of each fiscal year, thirty days before the annual general meeting of shareholders, and submit them for approval at the annual general meeting of shareholders in accordance with legal procedures: (1) Business Report. (2) Financial statements. (3) Proposal for profit distribution or loss offsetting.

Article 20: If the Company has profits in the year, no less than 2% shall be allocated as employee compensation, and no more than 5% shall be allocated as director compensation. However, if the Company still has accumulated losses, it shall first set aside a reserve to offset such losses.

Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of subsidiaries who meet certain conditions.

Article 20-1: If the Company's annual final accounts show a profit, after paying income tax according to law and offsetting losses from previous years, the remainder shall be distributed as follows:

1. Ten percent shall be set aside as legal reserve; however, this shall not apply if the accumulated legal reserve has reached the total paid-in capital.
2. Special reserve shall be set aside or reversed as required by laws and regulations when necessary.
3. If there is still a profit, the Board of Directors shall prepare a proposal for the distribution of the remaining profit together with the undistributed profits from previous periods.

When the proposal for profit distribution is to be made through the issuance of new shares in accordance with Article 240 of the Company Act, it shall be presented to the shareholders' meeting for resolution before distribution. When distributions are made in cash, the Board of Directors is authorized to resolve by a majority vote at a meeting attended by over two-thirds of the directors, and a report shall be submitted to the shareholders' meeting.

When the Company distributes all or part of its legal reserve and capital reserve in the form of new shares or cash to shareholders in proportion to their original shareholdings in accordance with Article 241 of the Company Act, the distribution shall be resolved in the manner specified in the preceding paragraph.

Article 20-2: The Company may determine the amount, type, and proportion of annual profit distribution based on considerations of financial, business, and operational factors, but the amount of annual profit distribution shall be at

least 40% of the current year's profit and at most up to the full amount of accumulated distributable profit. Profits may be distributed in the form of cash dividends or stock dividends, but considering the Company's environment and growth, and in response to future capital needs and long-term financial planning, cash dividends shall be prioritized, and the portion distributed in cash shall not be less than 50% of the total dividends.

Chapter 7 Supplementary Provisions

- Article 21: The Company's investment amount shall not be subject to the restriction of Article 13 of the Company Act, which limits investments to no more than 40% of the Company's paid-in capital.
- Article 22: The remuneration of the Company's Directors is authorized to be determined by the Board of Directors based on their level of participation in the Company's operations and the value of their contributions, with reference to the normal standards of the same industry. The Company may purchase liability insurance for Directors during their term of office for the scope of business they conduct.
- Article 23: Matters not covered in these Articles shall be handled in accordance with the provisions of the Company Act.
- Article 24: The organizational regulations and operational rules of the Company shall be separately determined by resolution of the Board of Directors.
- Article 25: These Articles of Incorporation were established on July 14, 1978, first amended on May 29, 1979, second amended on July 15, 1983, third amended on June 16, 1984, fourth amended on July 2, 1986, fifth amended on February 23, 1987, sixth amended on March 16, 1987, seventh amended on September 20, 1988, eighth amended on October 20, 1990, ninth amended on November 26, 1990, tenth amended on July 26, 1993, eleventh amended on September 7, 1993, twelfth amended on April 15, 1994, thirteenth amended on October 22, 1994, fourteenth amended on December 19, 1994, fifteenth amended on October 14, 1998, sixteenth amended on September 8, 1999, seventeenth amended on September 28, 1999, eighteenth amended on May 10, 2000, nineteenth amended on June 23, 2000, twentieth amended on September 19, 2000, twenty-first amended on October 28, 2000, twenty-second amended on October 6, 2001, twenty-third amended on April 7, 2002, twenty-fourth amended on November 5, 2002, twenty-fifth amended on June 30, 2003, twenty-sixth amended on June 24, 2004, twenty-seventh amended on June 23, 2005, twenty-eighth amended on June 21, 2006, twenty-ninth amended on June 13, 2007,

thirtieth amended on June 13, 2008, thirty-first amended on June 19, 2009, thirty-second amended on June 15, 2010, thirty-third amended on June 10, 2011. These Articles were thirty-fourth amended on June 21, 2012, thirty-fifth amended on June 28, 2013, thirty-sixth amended on June 12, 2015, thirty-seventh amended on July 19, 2016, thirty-eighth amended on June 16, 2017, thirty-ninth amended on June 15, 2018, fortieth amended on June 28, 2019, forty-first amended on July 16, 2021, forty-second amended on May 31, 2022.



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

Approved by the Shareholders' Meeting on July 16, 2021

Approved by the Shareholders' Meeting on May 31, 2022

- Article 1: In order to establish a good governance system of the shareholders' meeting for the Company, perfect its supervisory functions, and strengthen management capabilities, these Rules are formulated in accordance with Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- Article 2: The rules of procedure for shareholders' meetings of the Company shall be handled in accordance with these Rules, unless otherwise provided by laws, regulations, or the Articles of Incorporation.
- Article 3: The shareholders' meetings of the Company shall be convened by the Board of Directors, unless otherwise provided by laws and regulations.
- Any change in the method of convening the shareholders' meeting of the Company shall be resolved by the Board of Directors and made, at the latest, before the notice of the shareholders' meeting is dispatched.
- The Company shall, 30 days prior to a regular shareholders' meeting or 15 days prior to a special shareholders' meeting, prepare the notice of the shareholders' meeting, proxy forms, and explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of Directors, and other relevant matters, in electronic file format and upload them to the Market Observation Post System. Furthermore, 21 days prior to a regular shareholders' meeting or 15 days prior to a special shareholders' meeting, the shareholders' meeting handbook and supplementary materials shall be prepared in electronic file format and uploaded to the Market Observation Post System. However, if the Company's paid-in capital at the end of the most recent fiscal year reaches NT\$10 billion or more, or if the combined shareholding percentage of foreign investors and PRC investors recorded in the shareholders' register reaches 30% or more during the most recent fiscal year when the regular shareholders' meeting was held,

the aforementioned electronic files shall be uploaded 30 days prior to the regular shareholders' meeting. The shareholders' meeting handbook and supplementary materials shall be made available for shareholders to access at any time, starting 15 days prior to the shareholders' meeting, and shall be displayed at the Company and the professional shareholder services agent appointed by the Company.

The shareholders' meeting handbook and supplementary materials mentioned in the preceding paragraph shall be provided to shareholders for reference on the day of the shareholders' meeting in the following manner:

1. When convening a physical shareholders' meeting, the materials shall be distributed at the venue of the shareholders' meeting.
2. When convening a video-assisted shareholders' meeting, the materials shall be distributed at the venue of the shareholders' meeting and transmitted in electronic file format to the video conference platform.
3. When convening a virtual shareholders' meeting, the materials shall be transmitted in electronic file format to the video conference platform.

The notice and announcement shall specify the reasons for convening the meeting; if the recipient consents, the notice may be given by electronic means.

Election or dismissal of directors, amendment of the Articles of Incorporation, capital reduction, application for the cessation of public offering, approval of directors' competing activities, capitalization of earnings, capitalization of capital reserves, company dissolution, merger, demerger, or any matters set forth in Paragraph 1, Article 185 of the Company Act, matters set forth in Article 26-1 and Article 43-6 of the Securities and Exchange Act, and matters set forth in Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the reasons for convening the meeting and their main content shall be explained; these matters may not be proposed as extempore motions.

If the reasons for convening the shareholders' meeting have already indicated a complete re-election of directors and specified the date of assumption of office, after the re-election is completed at that shareholders' meeting, the date of assumption of office may not be changed through an extempore motion or any other means at the same meeting.

Shareholders holding at least one percent of the total number of issued shares may submit a proposal to the Company for discussion at a regular shareholders' meeting, limited to one item only. If the proposal contains more than one item, none of them will be included in the agenda. In addition, if a shareholder proposal falls under any of the circumstances set forth in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may exclude it from the agenda. Shareholders may submit advisory proposals to urge the Company to promote public interests or

fulfill its social responsibilities. Procedurally, such proposals shall comply with the relevant provisions of Article 172-1 of the Company Act and be limited to one item only. If more than one item is proposed, none of them will be included in the agenda. The Company shall, prior to the book closure date before the regular shareholders' meeting, publicly announce the acceptance of shareholder proposals, the methods of acceptance in writing or by electronic means, the location for acceptance, and the acceptance period. The acceptance period shall not be less than ten days.

Shareholder proposals shall be limited to 300 words. If a proposal exceeds 300 words, it will not be included in the agenda. The proposing shareholder shall attend the regular shareholders' meeting in person or by proxy and participate in the discussion of the proposal.

The Company shall notify the proposing shareholders of the results of the handling of their proposals before the date of the shareholders' meeting notice, and shall include in the meeting notice proposals that comply with the provisions of this Article. For shareholder proposals not included in the agenda, the Board of Directors shall explain the reasons for their exclusion at the shareholders' meeting.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend by providing a proxy form issued by the Company, stating the scope of authorization. A shareholder may issue only one proxy form and appoint only one proxy. The proxy form shall be delivered to the Company at least five days prior to the shareholders' meeting. When duplicate proxy forms are received, the one received earliest shall prevail. However, this limitation does not apply when a declaration is made to revoke the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the shareholders' meeting in person or to exercise voting rights by correspondence or electronically, the shareholder shall notify the Company in writing of the revocation of the proxy at least two days prior to the meeting date. If the revocation is not made within the specified time limit, the voting rights exercised by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the shareholders' meeting via video conference, the shareholder shall notify the Company in writing of the revocation of the proxy at least two days prior to the meeting date. If the revocation is not made within the specified time limit, the voting rights exercised by the proxy shall prevail.

Article 5: Shareholders' meetings shall be held at a location within the area where the Company is located or at a place convenient for shareholders to attend and suitable for holding the meeting. The meeting shall not begin earlier than 9:00 a.m. or later than 3:00 p.m. The location and time of the meeting shall fully take into consideration the opinions of the Independent Directors.

When the Company convenes a virtual shareholders' meeting, it is not subject to the restrictions on meeting location mentioned in the preceding paragraph.

Article 6: The Company shall specify in the meeting notice the time and location for shareholders, solicitors, and proxies (hereinafter collectively referred to as "shareholders") to register for attendance, as well as other important matters to note. The registration period for shareholders mentioned in the preceding paragraph shall begin at least thirty minutes before the start of the meeting; the registration desk shall be clearly marked and staffed by adequate and competent personnel. For virtual shareholders' meetings, registration shall be accepted on the virtual meeting platform thirty minutes before the meeting starts. Shareholders who have completed the registration process shall be deemed to have attended the shareholders' meeting in person.

Shareholders shall attend the shareholders' meeting by presenting their attendance cards, sign-in cards, or other attendance credentials. The Company shall not arbitrarily require shareholders to provide additional documentary evidence for attendance; solicitors of proxy forms shall also bring their identification documents for verification.

The Company shall provide an attendance book for attending shareholders to sign in, or attending shareholders may submit attendance cards in lieu of signing in.

The Company shall provide the meeting handbook, annual report, attendance card, speech note, voting ballot, and other meeting materials to shareholders attending the shareholders' meeting; if there is an election of Directors, separate ballots for the election shall also be provided.

When a government entity or corporation is a shareholder, it may appoint more than one representative to attend the shareholders' meeting. When a corporation is entrusted to attend a shareholders' meeting, it may appoint only one representative to attend.

For a shareholders' meeting held via video conference, shareholders who wish to attend via video shall register with the Company two days before the meeting.

For a shareholders' meeting held via video conference, the Company shall upload the meeting handbook, annual report, and other relevant materials to the video conference platform at least thirty minutes before the meeting starts, and keep them disclosed until the end of the meeting.

Article 6-1: When the Company convenes a shareholders' meeting via video conference, the following matters shall be specified in the notice of the shareholders' meeting:

1. Methods for shareholders to participate in the video conference and exercise their rights.

2. The handling procedures in case of disruption to the video conference platform or video participation due to natural disasters, incidents, or other force majeure events, which shall include at least the following matters:
 - (1) The time when the aforementioned disruption persists without resolution requiring postponement or continuation of the meeting, and the date for postponement or continuation of the meeting if needed.
 - (2) Shareholders who have not registered to participate in the original shareholders' meeting via video shall not participate in the postponed or continued meeting.
 - (3) When convening a video-assisted shareholders' meeting, if the video conference cannot continue, after deducting the attendance shares of shareholders participating via video, if the total number of shares in attendance reaches the legal quorum for the shareholders' meeting, the meeting shall continue. The attendance shares of shareholders participating via video shall be counted in the total number of shares of shareholders present, and for all proposals of that shareholders' meeting, those shareholders shall be deemed to have abstained.
 - (4) How to handle the situation when the results of all proposals have been announced and no extraordinary motions are being discussed.
3. When convening a video shareholders' meeting, appropriate alternative measures provided to shareholders who have difficulty participating in the shareholders' meeting via video shall be specified.

Article 7: If the shareholders' meeting is convened by the Board of Directors, the Chairman shall preside as the chairperson of the meeting. If the Chairman is on leave or unable to exercise his/her powers for any reason, the Vice Chairman shall act on his/her behalf. If there is no Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her powers for any reason, the Chairman shall designate one of the Managing Directors to act on his/her behalf. If no Managing Directors have been appointed, the Chairman shall designate a Director to act on his/her behalf. If the Chairman has not designated a proxy, the Managing Directors or Directors shall elect one from among themselves to preside over the meeting.

The chairperson referred to in the preceding paragraph, when represented by a Managing Director or Director, shall be one who has held that position for six months or more and understands the company's financial and business conditions.

The same applies if the chairperson is a representative of a corporate director.

For shareholders' meetings convened by the Board of Directors, the Chairman should personally preside over the meeting, and it is advisable to have a majority of the directors and at least one representative from each functional committee in

attendance, with the attendance status recorded in the minutes of the shareholders' meeting.

If a shareholders' meeting is convened by a person with convening power other than the Board of Directors, that person shall act as the chairperson of the meeting. If there are two or more persons with convening power, they shall elect one from among themselves to preside over the meeting.

The Company may appoint attorneys, accountants, or relevant personnel to attend the shareholders' meeting.

Article 8: The Company shall make an uninterrupted audio and video recording of the shareholder registration process, the meeting proceedings, and the voting and vote counting processes from the start of shareholder registration.

The audio and video materials mentioned in the preceding paragraph shall be retained for at least one year. However, if a shareholder initiates a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

When a shareholders' meeting is held via video conference, the Company shall record and retain data on shareholder registration, sign-in, attendance, questions raised, votes cast, and vote counting results, and shall make an uninterrupted audio and video recording of the entire video conference.

The data and audio/video recordings mentioned in the preceding paragraph shall be properly retained by the Company throughout its existence, and the audio/video recordings shall be provided to the entity entrusted with handling video conference affairs for retention.

When a shareholders' meeting is held via video conference, the Company should make an audio and video recording of the back-end operating interface of the video conference platform.

Article 9: Attendance at shareholders' meetings shall be calculated based on shares. The number of shares in attendance shall be calculated based on the sign-in book or attendance cards submitted, plus the number of shares checked in on the video conference platform, and the number of shares for which voting rights are exercised in writing or electronically.

When the meeting time arrives, the chair shall immediately announce the commencement of the meeting and simultaneously announce the number of shares without voting rights and the number of shares in attendance. However, when shareholders representing less than half of the total number of issued shares are in attendance, the chair may announce a postponement of the meeting, with a maximum of two postponements, and the combined postponement time shall not exceed one hour. If, after two postponements, there are still shareholders representing less than one-third of the total number of issued shares in attendance,

the chair shall announce the meeting adjourned; in the case of a shareholders' meeting held via video conference, the Company shall also announce the adjournment on the video conference platform.

If the quorum is still not met after two postponements but shareholders representing more than one-third of the total number of issued shares are in attendance, tentative resolutions may be made in accordance with Article 175, paragraph 1 of the Company Act, and all shareholders shall be notified of the tentative resolutions within one month of the date of the shareholders' meeting. If a shareholders' meeting is held via video conference, shareholders wishing to attend via video conference shall re-register with the Company in accordance with Article 6.

Before the conclusion of the current meeting, if the shareholders present represent more than half of the total number of issued shares, the chair may submit the tentative resolutions for a vote at the shareholders' meeting in accordance with Article 174 of the Company Act.

Article 10: If the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors. All related proposals (including extraordinary motions and amendments to original proposals) shall be voted on separately. The meeting shall proceed according to the scheduled agenda and shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person with convening rights other than the Board of Directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

For the preceding two paragraphs, the chair shall not announce the adjournment of the meeting before the scheduled agenda (including extraordinary motions) is concluded without a resolution. If the chair announces the adjournment in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures with the approval of a majority of the voting rights of the shareholders present to continue the meeting.

The chair shall provide sufficient opportunity for explanation and discussion of proposals, amendments, or extraordinary motions submitted by shareholders. When the chair considers that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: Before a shareholder in attendance speaks, they must first complete a speaker's slip stating the main points of their speech, their shareholder account number (or attendance card number), and account name. The chair shall determine the order of speeches.

Shareholders in attendance who submit speaker's slips but do not speak shall be deemed as not having spoken. If the content of the speech differs from what is recorded on the speaker's slip, the actual content of the speech shall prevail.

For the same proposal, each shareholder may not speak more than twice without the consent of the chair, and each speech may not exceed five minutes. However, if a shareholder's speech violates the regulations or goes beyond the scope of the proposal, the chair may stop their speech.

When a shareholder in attendance speaks, other shareholders shall not interrupt unless they have obtained the consent of both the chair and the speaking shareholder. The chair shall stop any violators.

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

After a shareholder in attendance speaks, the chair may personally respond or designate relevant personnel to respond.

For shareholders' meetings convened by video conference, shareholders participating by video may submit questions in text form on the video conference platform from the time the chair announces the meeting's commencement until the announcement of adjournment. For each proposal, questions may not be submitted more than twice, and each submission is limited to 200 characters. Paragraphs 1 to 5 of this Article do not apply in such cases.

Questions under the preceding paragraph that do not violate regulations or do not exceed the scope of the proposal should be disclosed on the shareholders' meeting video conference platform for everyone's information.

Article 12: Voting at shareholders' meetings shall be calculated based on the number of shares. Resolutions at shareholders' meetings shall not include the number of shares of shareholders without voting rights in the total number of issued shares.

When a shareholder has a personal interest in a matter at the meeting that may be detrimental to the Company's interests, the shareholder may not vote on that matter and may not exercise voting rights on behalf of other shareholders.

The number of shares for which voting rights cannot be exercised under the preceding paragraph shall not be counted as part of the voting rights of the shareholders present.

Except for trust enterprises or shareholder services agencies approved by the securities regulatory authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights of the total number of issued shares. If that percentage is exceeded, the excess voting rights shall not be counted.

Article 13: Each shareholder shall have one voting right for each share; however, this does not apply to shares with restricted rights or those without voting rights as specified in Article 179, Paragraph 2 of the Company Act.

When the Company convenes a shareholders' meeting, voting rights shall be exercised by electronic means and may also be exercised in writing; when voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder who exercises voting rights in writing or by electronic means shall be deemed to have attended the shareholders' meeting in person. However, with respect to extemporary motions and amendments to the original proposals at the shareholders' meeting, such shareholders shall be deemed to have abstained. Therefore, the Company should avoid proposing extemporary motions and amendments to the original proposals. A shareholder who exercises voting rights in writing or by electronic means as mentioned in the preceding paragraph shall deliver their declaration of intention to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intention are delivered, the one received earliest shall prevail. However, this restriction does not apply if a declaration is made to revoke the previous declaration of intention.

After a shareholder has exercised voting rights in writing or by electronic means, if they wish to attend the shareholders' meeting in person or by video conference, they shall revoke the declaration of intention made in the preceding paragraph in the same manner as they exercised their voting rights two days before the date of the shareholders' meeting; in the case of late revocation, the voting rights exercised in writing or by electronic means shall prevail. If a shareholder exercises voting rights in writing or by electronic means and also appoints a proxy to attend the shareholders' meeting, the voting rights exercised by the appointed proxy shall prevail.

A resolution shall be adopted with the approval of a majority of the voting rights held by the shareholders present at the shareholders' meeting, except as otherwise provided in the Company Act and the Articles of Incorporation of the Company. When voting, the chair or a person designated by the chair shall announce the total number of voting rights represented by the shareholders present for each proposal, and then the shareholders shall proceed with voting on each proposal. The results, including the numbers of affirmative, negative, and abstaining votes, shall be uploaded to the Market Observation Post System on the day of the shareholders' meeting.

When there are amendments or alternative proposals to the same agenda item, the chair shall determine the order in which they are to be voted on together with the

original proposal. If one of the proposals is adopted, the other proposals shall be deemed rejected and no further voting shall be required.

The persons supervising and counting ballots for the voting on proposals shall be appointed by the chair, provided that the person supervising the voting shall be a shareholder.

The counting of votes for voting or election proposals at shareholders' meetings shall be conducted openly in the shareholders' meeting venue, and after the counting is completed, the voting results, including the statistical tallies, shall be announced on the spot and recorded in the minutes.

When the Company convenes a virtual shareholders' meeting, shareholders participating via video conference shall, after the chair declares the meeting open, cast their votes on various proposals and election matters through the video conference platform, and shall complete voting before the chair announces the end of voting. Those who vote after the deadline shall be deemed to have abstained.

When a shareholders' meeting is convened by video conference, after the chair announces the end of voting, a one-time ballot counting shall be conducted, and the voting and election results shall be announced.

When the Company convenes a shareholders' meeting with video assistance, shareholders who have registered to attend the shareholders' meeting by video conference in accordance with Article 6 and wish to attend the physical shareholders' meeting in person shall cancel their registration in the same manner as they registered, at least two days before the shareholders' meeting. Those who cancel after the deadline may only attend the shareholders' meeting by video conference.

A shareholder who has exercised voting rights in writing or by electronic means, has not revoked their declaration of intent, and participates in the shareholders' meeting via video conference shall not exercise voting rights on the original proposal, propose amendments to the original proposal, or exercise voting rights on amendments to the original proposal, except for extempore motions.

Article 14: When a shareholders' meeting elects Directors, the election shall be conducted in accordance with the relevant election regulations established by the Company. The election results shall be announced on the spot, including a list of the elected Directors with the number of votes they received, and a list of the non-elected Directors with the number of votes they received.

The ballots for the election matters mentioned in the preceding paragraph shall be sealed and signed by the ballot supervisors and properly kept for at least one year. However, if a shareholder initiates a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.

Article 15: The resolutions of a shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the chair, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The preparation and distribution of minutes may be done electronically.

The distribution of the minutes mentioned in the preceding paragraph may be made by the Company in the form of an announcement uploaded to the Market Observation Post System.

The minutes shall accurately record the year, month, day, place, name of the chair, method of resolution, summary of the proceedings, and voting results (including the number of votes counted). When Directors are elected, the number of votes received by each candidate shall be disclosed. The minutes shall be permanently preserved during the Company's existence.

For a shareholders' meeting held by video conference, the minutes shall record, in addition to the matters required in the preceding paragraph, the start and end time of the meeting, the method of convening the meeting, the names of the chair and the minute taker, and the handling methods and situations when the video conference platform or video participation is disrupted due to natural disasters, incidents, or other force majeure events.

When the Company holds a video conference shareholders' meeting, in addition to complying with the provisions of the preceding paragraph, the minutes shall also record the alternative measures provided to shareholders who have difficulty participating in the shareholders' meeting by video conference.

Article 16: The Company shall, on the day of the shareholders' meeting, compile a statistical table in the prescribed format showing the number of shares solicited by solicitors, the number of shares represented by proxy agents, and the number of shares attended by shareholders in writing or electronically, and shall clearly display this information at the shareholders' meeting venue. When a shareholders' meeting is held by video conference, the Company shall upload the aforementioned information to the video conference platform at least thirty minutes before the meeting begins and continue to disclose it until the end of the meeting.

When the Company convenes a shareholders' meeting by video conference, at the time of announcing the commencement of the meeting, the total number of shares held by the attending shareholders shall be disclosed on the video conference platform. The same applies if the total number of shares and voting rights of the attending shareholders are counted during the meeting.

If the resolutions of the shareholders' meeting include matters considered as material information under laws and regulations or Taiwan Stock Exchange Corporation (Taipei Exchange) regulations, the Company shall transmit the content to the Market Observation Post System within the prescribed time.

Article 17: The staff handling administrative matters at shareholders' meetings shall wear identification cards or armbands.

The chairperson may direct marshals or security personnel to assist in maintaining order at the meeting venue. Marshals or security personnel who are present to assist in maintaining order shall wear an armband or identification card bearing the word "Marshal". When amplification equipment is available at the meeting venue, if a shareholder attempts to speak using equipment not provided by the Company, the chairperson may prohibit this.

If a shareholder violates the rules of procedure, refuses to comply with the chairperson's corrections, obstructs the progress of the meeting, and does not comply after being asked to stop, the chairperson may direct marshals or security personnel to ask the shareholder to leave the meeting venue.

Article 18: During the meeting, the chairperson may announce a break at their discretion. In the event of force majeure, the chairperson may rule to temporarily suspend the meeting and announce the time to resume the meeting depending on the circumstances.

If the scheduled agenda of the shareholders' meeting (including extemporaneous motions) has not been concluded and the meeting venue becomes unavailable for continued use, the shareholders' meeting may resolve to continue the meeting at another venue.

The shareholders' meeting may resolve to postpone or reconvene the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: When a shareholders' meeting is convened by video conference, the Company shall, immediately after the voting is completed, disclose the voting results of various proposals and election results as required on the video conference platform for the shareholders' meeting, and shall continue to disclose for at least 15 minutes after the chairperson announces the adjournment of the meeting.

Article 20: When the Company convenes a video conference shareholders' meeting, the chairperson and the minutes recorder shall be at the same location in Taiwan, and the chairperson shall announce the address of that location at the beginning of the meeting.

Article 21: When the shareholders' meeting is convened by video conference, the Company may provide a simple connection test for shareholders before the meeting, and provide relevant services in real time before and during the meeting to help address technical issues related to communication.

When a shareholders' meeting is convened by video conference, the chairperson shall, at the time of announcing the commencement of the meeting, separately announce that, except for the circumstances specified in Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of

Public Companies where postponement or reconvening of the meeting is not required, if before the chairperson announces the adjournment of the meeting, the video conference platform or participation by video conference is obstructed due to natural disasters, incidents, or other force majeure events for more than 30 consecutive minutes, the meeting shall be postponed or reconvened within five days, and the provisions of Article 182 of the Company Act shall not apply.

In the event that the meeting must be postponed or reconvened as mentioned in the preceding paragraph, shareholders who did not register to participate in the original shareholders' meeting by video conference may not participate in the postponed or reconvened meeting.

For a meeting that must be postponed or reconvened in accordance with Paragraph 2, the number of shares in attendance, votes already exercised, and voting rights for elections by shareholders who registered to participate in the original shareholders' meeting by video conference and completed the check-in process, but did not participate in the postponed or reconvened meeting, shall be counted toward the total number of shares, voting rights, and election rights of shareholders present at the postponed or reconvened meeting.

When postponing or reconvening a shareholders' meeting in accordance with Paragraph 2, proposals for which voting and counting have been completed and the voting results or the list of elected directors have been announced, do not need to be discussed and resolved again.

When the Company convenes a video-assisted shareholders' meeting and the video conference cannot continue as mentioned in Paragraph 2, if the total number of shares present at the meeting, after deducting the number of shares represented by shareholders participating by video conference, still meets the legal quorum for the shareholders' meeting, the meeting shall continue without the need to postpone or reconvene in accordance with Paragraph 2.

In the event that the meeting should continue as mentioned in the preceding paragraph, the number of shares of shareholders participating in the shareholders' meeting by video conference shall be counted toward the total number of shares present at the meeting; however, with respect to all proposals of that shareholders' meeting, these shareholders shall be deemed to have abstained from voting.

When the Company postpones or reconvenes a meeting in accordance with Paragraph 2, it shall conduct the relevant preliminary operations in accordance with Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies, based on the date of the original shareholders' meeting and the provisions of each relevant article.

For the periods specified in the latter part of Article 12 and Article 13, Paragraph 3 of the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings

of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed based on the date of the shareholders' meeting that is postponed or reconvened in accordance with Paragraph 2.

Article 22: When the Company convenes a video conference shareholders' meeting, it shall provide appropriate alternative measures for shareholders who have difficulty attending the shareholders' meeting by video conference.

Article 23: These Rules shall be implemented after being approved by the shareholders' meeting; the same applies when amendments are made.



Corporate Governance Best Practice Principles

Approved by the Board of Directors on April 30, 2015

Approved by the Shareholders' Meeting on June 12, 2015

Amended by the Board of Directors on March 8, 2016

Approved by the Shareholders' Meeting on July 19, 2016

Approved by the Board of Directors on November 11, 2016

Approved by the Shareholders' Meeting on December 28, 2016

Amended by the Board of Directors on May 10, 2019

Approved by the Shareholders' Meeting on June 28, 2019

Amended by the Board of Directors on May 8, 2020

Approved by the Shareholders' Meeting on June 19, 2020

Chapter 1 General Provisions

Article 1 Legislative Purpose

To establish a sound corporate governance system and promote the healthy development of the securities market, this Code is specifically formulated for compliance.

Article 2 Principles of Corporate Governance

The Company shall establish a corporate governance system, which, in addition to complying with laws, regulations, articles of incorporation, and the contracts and relevant regulations signed with the Taiwan Stock Exchange Corporation or Taipei Exchange, shall be based on the following principles:

1. Protection of Shareholders' Rights and Interests.
2. Enhancing the Functions of the Board of Directors.
3. Fulfill the functions of the Audit Committee.
4. Respect the rights of stakeholders.
5. Enhance information transparency.

Article 3 Establish an internal control system

The Company shall, in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies," consider the overall operational activities of the Company and its subsidiaries, design and effectively implement its internal control system,

and regularly review it to adapt to changes in the internal and external environment of the company, so as to ensure the continuous effectiveness of the design and implementation of the system.

In addition to ensuring the proper execution of the internal control system's self-assessment operations, the Board of Directors and management shall review the self-assessment results of each department at least annually and examine the audit reports of the auditing unit quarterly, and the Audit Committee shall pay attention to and supervise these matters. Directors shall regularly meet with internal auditors to review deficiencies in the internal control system, maintain records of these meetings, track and implement improvements, and report to the Board of Directors. The Company should establish communication channels and mechanisms between Independent Directors, the Audit Committee, and the head of internal audit, and the Convenor of the Audit Committee shall report to the shareholders' meeting about the communication between the Audit Committee members and the head of internal audit.

Article 3-1

The Company's management should attach importance to the internal audit unit and personnel, grant them sufficient authority, encourage them to thoroughly examine and evaluate deficiencies in the internal control system and measure operational efficiency, to ensure that the system continues to be implemented effectively, and assist the Board of Directors and management in fulfilling their responsibilities, thereby implementing the corporate governance system.

The appointment, dismissal, evaluation, and remuneration of the Company's internal auditors should be submitted to the Board of Directors for approval or signed off by the head of audit and approved by the Chairman.

Personnel Responsible for Corporate Governance Affairs

The Company should, based on its size, business conditions, and management needs, allocate an appropriate number of qualified corporate governance personnel, and should, in accordance with the regulations of the competent authority, the Taiwan Stock Exchange, or the Taipei Exchange, designate a Corporate Governance Officer as the highest-ranking executive responsible for corporate governance affairs. The Corporate Governance Officer should be licensed as an attorney or certified public accountant, or have at least three years of experience serving in a managerial position in legal, compliance, internal audit,

finance, stock affairs, or corporate governance departments of securities, financial, or futures institutions or public companies.

The corporate governance affairs mentioned in the preceding paragraph shall include at least the following:

1. Handling matters related to Board of Directors' meetings and shareholders' meetings in accordance with laws.
2. Preparing minutes of the Board of Directors' meetings and shareholders' meetings.
3. Assisting Directors with their appointment and continuing education.
4. Providing Directors with information necessary for business execution.
5. 5. Assisting Directors in legal compliance.
6. Other matters as stipulated in the Articles of Incorporation or contracts.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 Protecting Shareholders' Rights as the Ultimate Goal

The Company's corporate governance system should protect shareholders' rights and treat all shareholders fairly.

The Company should establish a corporate governance system that ensures shareholders have full rights to be informed of, participate in, and make decisions on major company matters.

Article 5 Convening Shareholders' Meetings and Establishing Comprehensive Rules of Procedure

The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations, and shall establish comprehensive rules of procedure. For matters that require resolution by the shareholders' meeting, the Company must implement them in accordance with the rules of procedure.

The resolutions of the Company's shareholders' meetings shall comply with laws, regulations and the Company's Articles of Incorporation.

Article 6 The Board of Directors shall properly arrange the agenda and procedures of shareholders' meetings

The Board of Directors of the Company shall properly arrange the agenda and procedures of shareholders' meetings, establish principles and operational procedures for shareholders to nominate directors and submit

proposals to shareholders' meetings, and appropriately handle proposals submitted by shareholders in accordance with the law. The shareholders' meetings shall be held at convenient locations with sufficient time allocated and adequate qualified personnel assigned to handle the registration process. The Company shall not arbitrarily request additional supporting documents beyond those required for shareholders' attendance. Reasonable discussion time shall be provided for each agenda item, and shareholders shall be given appropriate opportunities to speak.

For shareholders' meetings convened by the Board of Directors, the Chairman should personally preside over the meeting. It is advisable to have a majority of the directors (including at least one independent director), the convenor of the Audit Committee, and at least one representative from each functional committee attend in person. The attendance status should be recorded in the minutes of the shareholders' meeting.

- Article 7 Should encourage shareholders to participate in corporate governance
- The Company should encourage shareholders to participate in corporate governance, and should appoint a professional shareholder services agent to handle matters related to shareholders' meetings, ensuring that shareholders' meetings are convened legally, effectively, and safely. The Company should use various means and channels to fully adopt technology-based information disclosure methods, simultaneously uploading Chinese and English versions of annual reports, annual financial reports, shareholders' meeting notices, meeting handbooks, and supplementary materials. The Company should also implement electronic voting to increase the percentage of shareholders attending shareholders' meetings and ensure that shareholders can exercise their rights at shareholders' meetings in accordance with the law.
- The Company should avoid proposing extemporary motions and amendments to original proposals at shareholders' meetings.
- The Company should arrange for shareholders to vote on each proposal at the shareholders' meeting, and on the day after the shareholders' meeting, input the results of shareholders' approval, opposition, and abstention into the Market Observation Post System.

- Article 8 Shareholders' Meeting Minutes
- The Company should, in accordance with the Company Act and relevant laws and regulations, record in the minutes of shareholders' meetings the

year, month, day, venue, name of the chairperson, and method of resolution, and should also record the key points of the proceedings and their results. The election of directors should specify that a ballot system is adopted and the number of votes received by the elected directors.

The minutes of shareholders' meetings should be properly preserved permanently during the Company's existence, and should be adequately disclosed on the Company's website.

Article 9 The Chairperson of Shareholders' Meetings Should Fully Understand and Comply with the Rules of Procedure Established by the Company

The chairperson of shareholders' meetings should fully understand and comply with the rules of procedure established by the company, and maintain the smooth progression of the agenda, and may not arbitrarily announce adjournment.

To protect the rights of the majority of shareholders, if the chairperson violates the rules of procedure and announces adjournment, other members of the board of directors should promptly assist the attending shareholders in accordance with legal procedures to elect a new chairperson with the approval of a majority of the voting rights of attending shareholders, and continue the meeting.

Article 10 Shareholders' Right to Know Should Be Respected

The Company should respect shareholders' right to know, and genuinely comply with relevant regulations regarding information disclosure, regularly and promptly providing information to shareholders regarding the Company's financial and business conditions, insider shareholdings, and corporate governance situations through the Market Observation Post System or the Company's website.

To treat shareholders equally, the various types of information mentioned in the preceding paragraph should be simultaneously disclosed in English. To protect shareholders' rights and implement equal treatment of shareholders, the Company should establish "Operational Management to Prevent Insider Trading" to prohibit company insiders from using non-public market information to trade securities.

The aforementioned regulations should include stock trading control measures for Company insiders from the date they become aware of the Company's financial reports or related performance information.

Article 11 Shareholders Should Have the Right to Share in the Company's Profits

Shareholders should have the right to share in the Company's profits. To

ensure shareholders' investment rights, the shareholders' meeting may, in accordance with Article 184 of the Company Act, examine the statements prepared by the Board of Directors, review the report of the Audit Committee, and resolve on the distribution of profits or the offsetting of losses. When the shareholders' meeting is executing the aforementioned examination, it may appoint an inspector to perform this task.

Shareholders may, in accordance with Article 245 of the Company Act, petition the court to appoint an inspector to examine the Company's business operations, accounting books, property status, specific matters, specific transaction documents, and records.

The Company's Board of Directors, Audit Committee, and Managerial Officers shall fully cooperate with the examination operations of the inspectors mentioned in the preceding two paragraphs, and shall not evade, obstruct, or refuse such examinations.

Article 12 Major Financial and Business Actions Shall Be Approved by the Shareholders' Meeting

The Company's acquisition or disposal of assets, lending of funds, and endorsement guarantees and other major financial and business actions shall be carried out in accordance with relevant laws and regulations, and relevant operating procedures shall be established and submitted to the shareholders' meeting for approval in order to protect shareholders' rights and interests.

When the Company is involved in mergers, acquisitions, or public tender offers, in addition to handling such matters in accordance with relevant laws and regulations, the Company shall pay attention to the fairness and reasonableness of the merger, acquisition, or public tender offer plans and transactions, as well as to information disclosure and the subsequent soundness of the Company's financial structure.

Personnel handling the matters mentioned in the preceding paragraph shall pay attention to conflicts of interest and recusal situations.

Section 2 Establishing Interaction Mechanisms with Shareholders

Article 13 Designated Personnel Should Properly Handle Shareholder Suggestions

To ensure shareholder rights, the Company should have designated personnel to properly handle shareholder suggestions, inquiries, and disputes.

In cases where resolutions of the Company's shareholders' meetings or Board of Directors violate laws, regulations, or the Articles of

- Incorporation, or where Directors or Managerial Officers violate laws, regulations, or the Articles of Incorporation in performing their duties, thereby damaging shareholders' rights and interests, the Company shall properly handle lawsuits filed by shareholders in accordance with the law.
- The Company should establish internal operating procedures to properly handle the matters mentioned in the preceding two paragraphs, maintain written records for future reference, and incorporate these into the internal control system.

The Board of Directors is Responsible for Establishing an Interaction Mechanism with Shareholders

The Company's Board of Directors is responsible for establishing an interaction mechanism with shareholders to enhance mutual understanding of the Company's objectives and development.

Communicate and Connect with Shareholders in an Efficient Manner and Obtain Their Support

In addition to communicating with shareholders through shareholders' meetings and encouraging shareholder participation in these meetings, the Company's Board of Directors should communicate with shareholders in an efficient manner, and work together with Managerial Officers and Independent Directors to understand shareholders' opinions and concerns, clearly explain company policies, and obtain shareholder support.

Section 3 Corporate Governance Relationship Between the Company and its Affiliated Enterprises

Article 14 Establishing Firewalls

The management objectives and responsibilities for personnel, assets, and finances between the Company and its affiliated enterprises should be clearly defined, and risk assessments should be effectively implemented with appropriate firewalls established.

Article 15 Managerial Officers Should Not Concurrently Serve as Managerial Officers of Affiliated Enterprises

The Company's managerial officers, unless otherwise stipulated by laws and regulations, should not concurrently serve as managerial officers of affiliated enterprises.

Directors who engage in behaviors within the Company's business scope for themselves or others should explain the important details of such behaviors to the shareholders' meeting and obtain approval.

Article 16 Establishment of Sound Financial, Operational, and Accounting Management Systems

The Company should establish sound financial, operational, and accounting management objectives and systems in accordance with relevant laws and regulations. The Company should also properly implement comprehensive risk assessments with affiliated enterprises regarding major banks, customers, and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17 Business Transactions Between the Company and Affiliated Enterprises Should Be Based on Fair and Reasonable Principles

The Company and its affiliated enterprises should base their business transactions on fair and reasonable principles, and establish written regulations for their financial and operational interactions. For contractual matters, clear price terms and payment methods should be stipulated, and irregular transactions should be prevented.

Transactions or contractual matters between the Company and related parties and their shareholders should also be handled in accordance with the principles mentioned in the preceding paragraph, and tunneling of benefits is strictly prohibited.

Article 18 Legal Entity Shareholders with Controlling Power Over the Company Should Comply with the Following Matters

Legal entity shareholders with controlling power over the Company should comply with the following matters:

1. They shall have fiduciary duties to other shareholders and shall not directly or indirectly cause the Company to conduct business operations that are inconsistent with normal business practices or otherwise detrimental.
2. Their representatives should follow the relevant norms established by the Company for exercising rights and participating in resolutions. When attending shareholders' meetings, they should exercise their voting rights based on the principles of good faith and the best interests of all shareholders, and be able to fulfill the duties of loyalty and due care of Directors.
3. In nominating Directors for the Company, they shall comply with the relevant laws and regulations and the provisions of the Company's Articles of Incorporation, and shall not exceed the scope of authority of the shareholders' meeting and the Board of Directors.

4. They shall not improperly interfere with the Company's decision-making or hinder its business operations.
5. They shall not restrict or impede the Company's production and business operations through unfair competition methods such as monopolizing procurement or blocking sales channels.
6. The legal representatives appointed due to their election as Directors should meet the professional qualifications required by the Company and should not be arbitrarily replaced.

Article 19 List of Major Shareholders and Ultimate Controllers of Major Shareholders

The Company shall at all times maintain a list of major shareholders who hold a relatively large percentage of shares and who can effectively control the Company, as well as the ultimate controllers of these major shareholders.

The Company shall regularly disclose important matters concerning shareholders who hold more than ten percent of shares, such as pledges, increases or decreases in company shares, or other significant events that may cause changes in shareholding, to allow other shareholders to exercise supervision.

The term "major shareholders" mentioned in the first paragraph refers to shareholders with a shareholding ratio of five percent or more, or shareholders ranking among the top ten in shareholding ratio. However, the Company may establish a lower shareholding percentage threshold based on the actual control of the Company's shareholding situation.

Chapter 3 Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The Overall Capabilities Required of the Board of Directors

The Board of Directors of the Company shall provide strategic guidance, supervise the management, and be accountable to the Company and shareholders. All operations and arrangements of the corporate governance system shall ensure that the Board of Directors exercises its powers in accordance with laws, the Company's Articles of Incorporation, or resolutions of shareholders' meetings.

The structure of the Board of Directors of the Company shall, taking into account the scale of the Company's development and operation and the shareholding status of its major shareholders, determine an appropriate

number of directors, which shall be five or more, based on practical operational needs.

The composition of the Board of Directors should consider diversity. In addition to ensuring that directors who concurrently serve as the Company's managerial officers should not exceed one-third of the board seats, the Company should formulate appropriate diversity guidelines based on its own operations, business model, and development needs. These guidelines should include, but not be limited to, the following two major dimensions:

1. Basic conditions and values: gender, age, nationality, and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

Members of the Board of Directors should generally possess the knowledge, skills, and literacy necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess the following capabilities:

1. Operational judgment capability.
2. Accounting and financial analysis capability.
3. Business management capability.
4. Crisis management capability.
5. Industry knowledge.
6. International market perspective.
7. Leadership capability.
8. Decision-making capability.

Article 21 The Company shall establish fair, just, and transparent director selection procedures based on the principles of protecting shareholders' rights and treating shareholders equitably, encourage shareholder participation, and adopt the cumulative voting system in accordance with the Company Act to fully reflect shareholders' opinions.

The Company shall establish fair, just, and transparent director selection procedures based on the principles of protecting shareholders' rights and treating shareholders equitably, encourage shareholder participation, and adopt the cumulative voting system in accordance with the Company Act to fully reflect shareholders' opinions.

Unless approved by the competent authority, more than half of the seats among the Directors of the Company shall not have a spousal relationship or a relationship within the second degree of kinship.

When the number of Directors falls below five due to the dismissal of a Director for any reason, the Company shall hold an election for the vacancies at the next shareholders' meeting. However, if the number of vacant Director seats reaches one-third of the total number of seats specified in the Articles of Incorporation, the Company shall convene a special shareholders' meeting within sixty days from the date of occurrence to hold a by-election.

The total shareholding percentage of all Directors of the Company's Board of Directors shall comply with legal requirements. The restrictions on share transfers by Directors, the creation or release of pledges, and any changes in shareholding status shall be handled in accordance with relevant regulations, and all such information shall be fully disclosed.

Article 22 Articles of Incorporation Specifying the Candidate Nomination System for Director Elections

According to the regulations of the competent authority, the Company shall specify in the Articles of Incorporation that the election of Directors shall adopt a candidate nomination system. The Company shall carefully evaluate the qualifications of the nominees and whether they have any of the circumstances listed in Article 30 of the Company Act, and shall handle the nomination in accordance with Article 192-1 of the Company Act.

Article 23 The board of directors should clearly define the delegations and responsibilities to functional committees, the Chairman, and the President. The responsibilities of the Chairman and President of the Company shall be clearly defined.

The positions of Chairman and President or equivalent positions should not be held by the same person.

If the Company establishes functional committees, their responsibilities should be clearly defined.

Section 2 Independent Director System

Article 24 Should appoint Independent Directors in accordance with the Articles of Incorporation

The Company shall appoint at least two Independent Directors in accordance with the Articles of Incorporation, and the number of Independent Directors shall not be less than one-fifth of the total number of Directors.

Independent Directors should possess professional knowledge, and their shareholding should be restricted. In addition to complying with relevant

laws and regulations, they should not concurrently serve as a director (including independent director) or supervisor of more than five listed or OTC companies, and should maintain independence in the scope of their duties, without having any direct or indirect interest in the Company.

If the Company and its affiliated enterprises and organizations, and other companies and their affiliated enterprises and organizations, have nominated each other's directors, supervisors, or managerial officers as candidates for independent directors, the Company shall disclose this information when accepting nominations for independent director candidates, and explain the suitability of such independent director candidates. If elected as Independent Directors, their number of elected votes shall be disclosed.

The "affiliated enterprises and organizations" mentioned in the preceding paragraph applies to the Company's subsidiaries, foundations in which the Company has directly or indirectly donated more than 50% of their total funds, and other institutions or legal entities over which the Company has substantial control.

Independent Directors and non-Independent Directors shall not change their status during their term of office.

The professional qualifications, shareholding and concurrent position limitations, determination of independence, nomination method, and other compliance matters regarding Independent Directors shall be handled in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the regulations of the Taiwan Stock Exchange or Taipei Exchange.

Article 25 Matters Requiring Board of Directors' Resolution Approval

The Company shall, in accordance with the Securities and Exchange Act, submit the following matters for approval by resolution of the Board of Directors; if an Independent Director expresses objection or reservation, it shall be recorded in the minutes of the Board meeting:

1. The adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. The adoption or amendment of procedures for handling significant financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans to others, and endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.

3. Matters involving a Director's personal interest.
4. Major asset or derivatives transactions.
5. Major loans, endorsements, or provision of guarantees.
6. The offering, issuance, or private placement of equity-type securities.
7. The appointment, dismissal, or remuneration of a certified public accountant.
8. Appointment or dismissal of the head of finance, accounting, or internal audit.
9. Other major matters as stipulated by the competent authority.

Article 26 **Scope of Responsibilities of Independent Directors Should Be Clearly Defined**

The Company should clearly define the scope of responsibilities of Independent Directors and provide them with relevant human and material resources to exercise their powers. The Company or other members of the Board of Directors shall not obstruct, refuse, or circumvent Independent Directors in the performance of their duties.

The Company shall determine Directors' remuneration in accordance with relevant laws and regulations. Directors' remuneration should fully reflect individual performance and the Company's long-term operating results, and should comprehensively consider the Company's operational risks. For Independent Directors, reasonable remuneration that differs from that of ordinary Directors may be appropriately determined.

Section 3 Functional Committees

Article 27 **Establishment of the Remuneration Committee**

The Company shall establish a Remuneration Committee, with more than half of the members preferably served by the Independent Directors; the professional qualifications of its members, the exercise of powers, the establishment of organizational regulations and related matters shall be

Article 27-1 handled in accordance with the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Listed on the Taiwan Stock Exchange and the Taipei Exchange".

Article 27-2 The Company shall establish an Audit Committee; the Audit Committee shall be composed of all Independent Directors, and the number of members shall not be less than three, one of whom shall be the Convenor,

Article 27-3 and at least one member shall have accounting or financial expertise.
The exercise of powers by the Audit Committee and its Independent Director members and other related matters shall be handled in accordance

with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the regulations of the Taiwan Stock Exchange or Taipei Exchange.

It is advisable to establish a Nomination Committee

The Company should establish a Nomination Committee and formulate organizational regulations, with more than half of the members preferably served by Independent Directors, and an Independent Director should serve as the chairperson.

Article 27-4 Whistleblowing System

The Company should establish and announce internal and external whistleblowing channels, and establish a whistleblower protection system; the receiving unit should be independent, provide encryption protection for files submitted by whistleblowers, appropriately restrict access rights, and formulate internal operating procedures which should be incorporated into the internal control system.

Article 28

Strengthening and Enhancing Financial Reporting Quality

To enhance the quality of financial reporting, the Company should establish a deputy position for the accounting manager.

The deputy accounting manager mentioned in the preceding paragraph should undergo continuous education each year, similar to the accounting manager, to strengthen the professional capabilities of the accounting manager's deputy.

Accounting personnel involved in preparing financial reports should also undergo at least six hours of related professional courses annually. Their continuing education can be done through internal company training or professional courses organized by institutions that provide continuing education for accounting managers.

The Company should select professional, responsible, and independent certified public accountants to regularly audit the Company's financial status and internal controls. The Company should thoroughly review and improve any abnormalities or deficiencies timely discovered and disclosed by the accountants during the audit process, as well as specific improvement or fraud prevention suggestions provided. The Company should also establish communication channels or mechanisms between Independent Directors, the Audit Committee, and the certified public accountants, and formulate internal operating procedures which should be incorporated into the internal control system.

The Company should regularly (at least once a year) evaluate the independence and competence of the appointed accountants. If the Company has not changed its accountants for seven consecutive years, or if the accountants have been disciplined or have situations that compromise their independence, the Company should evaluate whether it is necessary to change accountants and report the evaluation results to the Board of Directors.

Article 29 **Providing Appropriate Legal Services to the Company**

The Company should appoint professional and competent lawyers to provide appropriate legal consulting services to the Company, or assist the Board of Directors, the Audit Committee, and management in enhancing their legal literacy, preventing the Company and relevant personnel from violating laws and regulations, and ensuring that corporate governance operates within the relevant legal framework and statutory procedures.

In case a Director or management is involved in litigation or disputes with shareholders while legally conducting business, the Company should, depending on the situation, engage lawyers to provide assistance.

The Audit Committee or its Independent Director members may, on behalf of the Company, appoint lawyers, accountants, or other professionals to conduct necessary investigations or provide consulting on matters related to the exercise of their authority, with the expenses borne by the Company.

Section 4 Rules of Procedure for Board Meetings and Decision-Making Procedures

Article 30 **Convening of the Board of Directors**

The Company's Board of Directors shall meet at least once every quarter, and may be convened at any time in case of emergency. The convening of the Board of Directors shall state the reason for convening and notify each Director 7 days in advance, providing sufficient meeting materials to be sent together with the convening notice. If the meeting materials are insufficient, Directors have the right to request additional information or postpone the deliberation upon the resolution of the Board of Directors.

The Company shall establish rules of procedure for Board meetings; the main content of proceedings, operating procedures, matters to be recorded in the minutes, announcements, and other compliance matters shall be handled in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 31 **Directors Shall Maintain High Self-Discipline**

Directors shall maintain high self-discipline. Regarding agenda items

listed by the Board of Directors, Directors shall explain the important aspects of their interests if they or the legal entities they represent have an interest in the matter. When there is concern that it may harm the Company's interests, they shall not participate in the discussion and voting, and shall recuse themselves during discussion and voting, and shall not exercise voting rights on behalf of other Directors.

Matters for which Directors shall recuse themselves shall be clearly specified in the rules of procedure for Board meetings.

Article 32 Independent Directors and the Board of Directors

The Independent Directors of the Company shall personally attend meetings regarding matters that must be submitted to the Board of Directors as specified in Article 14-3 of the Securities and Exchange Act, and may not appoint non-independent Directors as proxies. If an Independent Director has objections or reservations, they shall be recorded in the minutes of the Board meeting. If an Independent Director is unable to personally attend the Board meeting to express objections or reservations, they shall, unless there is a legitimate reason, provide a written opinion in advance, which shall be recorded in the minutes of the Board meeting.

Regarding matters resolved by the Board of Directors, if any of the following circumstances occurs, in addition to being recorded in the minutes, it shall also be publicly announced on the Market Observation Post System within two hours from the beginning of trading hours on the next business day following the Board meeting:

1. An Independent Director has objections or reservations and it is recorded or stated in writing.
2. Matters that have not been approved by the Audit Committee but have been approved by at least two-thirds of all Directors.

During Board meetings, depending on the content of the agenda items, relevant department managerial officers who are not Directors may be notified to attend the meeting to report on the current status of the Company's business operations and to answer questions raised by the Directors. When necessary, certified public accountants, attorneys, or other professionals may also be invited to attend meetings to assist Directors in understanding the Company's current status and making appropriate resolutions, but they should leave during discussions and voting.

Article 33 Minutes of the Board of Directors

The personnel responsible for proceedings at the Board of Directors' meetings of the Company shall accurately record the meeting reports and summaries of discussions, methods of resolution, and results for each agenda item in accordance with relevant regulations.

The minutes of Board meetings must be signed or sealed by the chairperson of the meeting and the minute taker, distributed to all Directors within twenty days after the meeting, and the attendance book of the Board meeting shall be part of the minutes. The minutes should be included in the Company's important files and properly preserved permanently during the existence of the Company.

The preparation, distribution, and preservation of the minutes may be conducted by electronic means.

The Company should record the entire proceedings of Board meetings by audio or video for evidence and keep such records for at least five years. These records may be preserved by electronic means.

Before the expiration of the retention period mentioned in the preceding paragraph, in the event of litigation concerning matters resolved by the Board of Directors, the relevant audio or video evidence shall continue to be preserved, and the provisions of the preceding paragraph shall not apply.

If the Company convenes Board meetings by video conference, the audio and video recordings of the meeting shall be part of the minutes and shall be preserved permanently.

When a resolution of the Board of Directors violates laws, regulations, the Articles of Incorporation, or resolutions of the shareholders' meeting, resulting in damage to the Company, Directors who have expressed objections with records or written statements as evidence shall be exempted from liability for damages.

Article 34 Matters to be Discussed by the Board of Directors

The Company shall submit the following matters for discussion by the Board of Directors:

1. The Company's business plans.
2. Annual financial reports and semi-annual financial reports. However, this restriction does not apply to semi-annual financial reports that are not required by law to be audited and certified by a certified public accountant.

3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.
4. Adoption or amendment of procedures for handling major financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans to others, and endorsements or guarantees to others, as required by Article 36-1 of the Securities and Exchange Act.
5. The offering, issuance, or private placement of equity-type securities.
6. Performance evaluation standards and remuneration standards for managerial officers.
7. The structure and system of directors' remuneration.
8. Appointment or dismissal of the head of finance, accounting, or internal audit.
9. Donations to related parties or major donations to non-related parties. However, charitable donations for emergency relief in response to major natural disasters may be submitted to the next Board of Directors meeting for retroactive approval.
10. In accordance with Article 14-3 of the Securities and Exchange Act, other matters that must be resolved by the shareholders' meeting or by the Board of Directors as required by laws, regulations, or the articles of incorporation, or major matters designated by the competent authority.

Except for matters that should be discussed by the Board of Directors as mentioned in the preceding paragraph, during recess of the Board of Directors, when the Board of Directors authorizes others to exercise the powers of the Board of Directors in accordance with laws, regulations, or the company's articles of incorporation, the levels of such delegation, content or matters shall be clearly and specifically defined, and general authorization is not allowed.

Article 35 Resolutions of the Board of Directors shall be clearly assigned to appropriate implementing units or personnel

The Company shall clearly assign the matters resolved by the Board of Directors to appropriate implementing units or personnel, requiring them to execute according to the planned schedule and objectives, while also including these matters in tracking management to effectively evaluate their implementation status.

The Board of Directors should fully monitor the progress of implementation and provide a report at the next meeting, so that the

management decisions of the Board of Directors can be effectively implemented.

Section 5 Directors' Duty of Loyalty, Duty of Care, and Responsibilities

Article 36 Members of the Board of Directors shall faithfully execute their business and exercise the duty of care of a good administrator

Members of the Board of Directors shall faithfully execute their business and exercise the duty of care of a good administrator, and shall exercise their powers with a high degree of self-discipline and prudence. Regarding the execution of company business, except for matters that should be resolved by the shareholders' meeting in accordance with the law or the articles of incorporation, they should act in accordance with the resolutions of the Board of Directors.

The Company should establish policies and procedures for evaluating the performance of the Board of Directors. In addition to conducting regular annual self-evaluations or peer evaluations of the Board of Directors and individual Directors, the Company may also engage external professional institutions or use other appropriate methods to conduct performance evaluations. The evaluation of the Board of Directors' performance should include the following aspects, and appropriate evaluation indicators should be established based on the Company's needs:

1. Level of participation in the Company's operations.
2. Improving the quality of the Board's decision-making.
3. Composition and structure of the Board of Directors.
4. Selection of Directors and their continuing education.
5. Internal control.

The evaluation of Directors' (self or peer) performance should include the following aspects, and should be appropriately adjusted according to the Company's needs:

1. Grasp of company goals and missions.
2. Awareness of Directors' responsibilities.
3. Level of participation in the Company's operations.
4. Management and communication of internal relationships.
5. Directors' expertise and continuous education.
6. Internal control.

The Company should conduct performance evaluations of functional committees. The evaluation content should include the following dimensions and be appropriately adjusted according to the Company's

needs:

1. Level of participation in the Company's operations.
2. Awareness of functional committee responsibilities.
3. Improvement of functional committee decision-making quality.
4. Composition of functional committees and member selection.
5. Internal control.

The Company should report the results of performance evaluations to the Board of Directors and use them as a reference for individual Directors' remuneration and nomination for reappointment.

Article 36-1 Establish a succession plan for management

The Company should establish a succession plan for management, and the Board of Directors should regularly evaluate the development and

Article 36-2 implementation of the plan to ensure sustainable operations.

Establish an intellectual property management system

The Board of Directors should evaluate and supervise the Company's intellectual property management direction and performance in the following aspects to ensure that the Company establishes an intellectual property management system based on the management cycle of "plan, execute, check, and act":

1. Formulate intellectual property management policies, objectives, and systems that are connected to operational strategies.
2. Establish, implement, and maintain an intellectual property acquisition, protection, maintenance, and utilization management system according to the size and type of the Company.
3. Determine and provide the resources needed to effectively implement and maintain the intellectual property management system.
4. Monitor internal and external risks or opportunities related to intellectual property management and take corresponding measures.

Article 37

5. Plan and implement continuous improvement mechanisms to ensure that the operation and effectiveness of the intellectual property management system meet the company's expectations.

Shareholders or Independent Directors requesting notification to the Board of Directors to cease execution of resolved matters

If the Board of Directors' resolution violates laws, regulations, or the Company's Articles of Incorporation, and shareholders who have continuously held shares for more than one year or Independent Directors request notification to the Board of Directors to cease execution of such resolved matters, members of the Board of Directors shall promptly handle

the situation appropriately or cease the execution of the relevant resolutions.

When members of the Board of Directors discover that the Company may suffer significant damage, they shall handle the situation in accordance with the preceding paragraph and immediately report to the Audit Committee or the Independent Director members of the Audit Committee.

Article 38 Directors' Liability Insurance

The Company shall, during the Directors' term of office, purchase liability insurance for them covering the legal liability for damages that may arise from their performance of duties, in order to reduce and diversify the risk of significant damages to the Company and shareholders due to Directors' errors or negligence.

After purchasing or renewing liability insurance for Directors, the Company shall report the important details such as the insured amount, coverage, and premium rate to the nearest Board of Directors meeting.

Article 39 Board Members' Participation in Training Courses

Board members should, upon appointment or during their term of office, continuously participate in training courses covering corporate governance-related topics such as finance, risk management, business, commerce, accounting, law, or corporate social responsibility organized by institutions designated in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and should also require employees at all levels to enhance their professional and legal knowledge.

Chapter 4 Respect the rights of stakeholders.

Article 40 Communication with and Protection of Rights and Interests of the Company's Stakeholders

The Company shall maintain open channels of communication with its business-related banks and other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, and shall respect and protect their legal rights and interests. The Company shall also establish a dedicated stakeholder section on its corporate website.

When the legal rights and interests of stakeholders are infringed upon, the Company shall handle the matter appropriately in accordance with the principle of good faith.

- Article 41 **Providing Sufficient Information to Banks and Other Creditors**
The Company shall provide sufficient information to its business-related banks and other creditors, in order to enable them to make judgments and decisions regarding the Company's business operations and financial conditions. When their legal rights and interests are infringed upon, the Company shall respond positively and, with an attitude of willingness to take responsibility, ensure that creditors have appropriate channels to obtain compensation.
- Article 42 **Establishment of Employee Communication Channels**
The Company shall establish employee communication channels to encourage employees to communicate directly with the management, Directors, or Audit Committee, enabling appropriate reflection of employees' opinions on the Company's operations, financial conditions, or major decisions involving employee interests.
- Article 43 **Corporate Social Responsibility**
While maintaining normal business development and maximizing shareholder interests, the Company shall also be concerned with consumer rights, community environmental protection, public welfare, and other issues, and place importance on corporate social responsibility.

Chapter 5 Enhancing Information Transparency

Section 1 Strengthening Information Disclosure

- Article 44 **Information Disclosure and Online Reporting System**
Information disclosure is an important responsibility of the Company. The Company shall faithfully fulfill its obligations in accordance with relevant laws and regulations, and the rules of the stock exchange or over-the-counter market.
The Company should endeavor to announce and file its annual financial reports within two months after the end of the accounting year, and announce and file its first, second, and third quarter financial reports and monthly operational status before the prescribed deadlines.
The Company shall establish an online reporting system for public information disclosure, designate specific personnel responsible for collecting and disclosing company information, and establish a spokesperson system to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely and appropriate manner.

- Article 45 Appointment of Spokesperson**
To enhance the accuracy and timeliness of material information disclosure, the Company shall appoint individuals who thoroughly understand all aspects of the Company's financial and business affairs, or who can coordinate various departments to provide relevant information, and who can independently represent the Company in external communications, to serve as the Company's spokesperson and deputy spokesperson.
The Company shall have at least one deputy spokesperson, and any deputy spokesperson should be able to independently represent the Company in external communications when the spokesperson is unable to perform their duties. However, the order of succession should be clearly established to prevent confusion.
To implement the spokesperson system effectively, the Company shall establish a unified communication procedure, and require management and employees to maintain confidentiality regarding financial and business information, and not arbitrarily disseminate information without authorization.
In the event of any change in the spokesperson or deputy spokesperson, public disclosure of this information should be made immediately.
- Article 46 Establishment of Corporate Governance Website**
The Company shall utilize the convenience of the Internet to establish a website containing information on the Company's finances, business operations, and corporate governance for the reference of shareholders and stakeholders, and should provide English versions of financial, corporate governance, or other relevant information.
The website mentioned in the preceding paragraph should be maintained by designated personnel, and the information provided should be accurate, detailed, and updated promptly to avoid any potential misunderstanding.
- Article 47 Methods for Holding Institutional Investor Conferences**
When holding institutional investor conferences, the Company shall comply with the regulations of the Taiwan Stock Exchange or Taipei Exchange, and shall preserve records through audio or video recording. Financial and business information presented at institutional investor conferences shall be uploaded to the Market Observation Post System in accordance with the regulations of the Taiwan Stock Exchange or Taipei Exchange, and shall be made available for inquiry through the Company's website or other appropriate channels.

Section 2 Disclosure of Corporate Governance Information

Article 48 Disclosure of Corporate Governance Information

The Company shall disclose the following corporate governance information for the year in accordance with relevant laws and regulations and the requirements of the Taiwan Stock Exchange or Taipei Exchange, and shall continuously update such information:

1. The structure and rules of corporate governance.
2. The Company's ownership structure and shareholders' rights (including a clear and specific dividend policy).
3. The structure of the Board of Directors, and the professional qualifications and independence of its members.
4. The responsibilities of the Board of Directors and Managerial Officers.
5. The composition, responsibilities, and independence of the Audit Committee.
6. The composition, responsibilities, and operational status of the Remuneration Committee and other functional committees.
7. Analysis of the remuneration paid to Directors, President, and Vice Presidents in the last two years, the percentage of their total remuneration to net income after tax in individual or separate financial reports, the policy, standards and composition of remuneration, the procedures for determining remuneration, and the correlation with operating performance and future risks. Additionally, in specific special circumstances, the remuneration of individual Directors should be disclosed.
8. The status of continuing education for Directors.
9. The rights and relationships of stakeholders, channels for grievances, issues of concern, and appropriate response mechanisms.
10. Detailed implementation of information disclosure items as required by laws and regulations.
11. The operational status of corporate governance and the differences between it and the Corporate Governance Best Practice Principles formulated by the Taiwan Stock Exchange and the Taipei Exchange, as well as the reasons for such differences.
12. Other relevant information on corporate governance.

The Company should, in view of the actual implementation of corporate governance, disclose in an appropriate manner its specific plans and measures for improving corporate governance.

Chapter 6. Supplementary Provisions

Article 49 Stay Attentive to Domestic and International Developments

The Company shall pay continuous attention to the development of domestic and international corporate governance systems, and shall review and improve its own corporate governance system accordingly, in order to enhance the effectiveness of corporate governance.



Procedures for Lending Funds to Others

Approved by the Board of Directors on January 23, 2003

Approved by the Shareholders' Meeting on June 30, 2003

Amended by the Board of Directors on March 25, 2009

Amended by the Shareholders' Meeting on June 19, 2009

Amended by the Board of Directors on March 24, 2010

Approved by the Shareholders' Meeting on June 15, 2010

Amended by the Board of Directors on August 30, 2012

Approved by the Shareholders' Meeting on June 28, 2013

Amended by the Board of Directors on March 8, 2016

Approved by the Shareholders' Meeting on July 19, 2016

Approved by the Shareholders' Meeting on December 28, 2016

Amended by the Board of Directors on May 10, 2019

Approved by the Shareholders' Meeting on June 28, 2019

Article 1: Purpose

If the Company needs to loan funds to other companies (hereinafter referred to as "borrowers") due to business requirements, it shall follow this operational procedure. For any matters not covered in this procedure, relevant laws and regulations shall be followed.

Article 2: Entities Eligible for Funds, Total Lending Amount, and Limit for Each Entity

1. According to the Company Act, the Company shall not loan funds to shareholders or any other persons except in the following circumstances:

- (1) Companies or firms that have business relationships with the Company; the aforementioned "business relationship" refers to those who have purchasing or sales transactions with the Company.
- (2) Companies or firms that have a short-term financing need with the Company. The aforementioned "short-term" refers to a period of one year or one operating cycle (whichever is longer). The term "financing amount" refers to the accumulated balance of the Company's short-term financing funds.
- (3) For fund lending between overseas companies in which the Company directly and indirectly holds 100% of the voting shares, or for fund lending from overseas subsidiaries in which the Company directly and indirectly holds 100% of the voting shares to the Company, the restrictions of Paragraph 1, Subparagraph 2 and Paragraph 2, Subparagraph 1 of this Article

shall not apply. However, it should still comply with the total fund lending amount, the limits and terms for individual recipients set forth in Paragraph 2, Subparagraph 2 of this Article and Article 3.

2. Total Fund Lending Amount and Limits for Individual Recipients

(1) Total fund lending amount: shall not exceed 40% of the Company's net worth.

(2) Categories of fund lending and limits for individual recipients:

1. For fund lending to companies or entities with business dealings with the Company, the total lending amount shall not exceed 20% of the Company's net worth; and the individual lending amount shall not exceed the business transaction amount between the two parties in the most recent year. The term "business transaction amount" refers to the higher of the purchase or sales amount between the two parties.

2. For fund lending to companies or entities with short-term financing needs, the total lending amount shall not exceed 20% of the Company's net worth; and the individual lending amount shall not exceed 10% of the Company's net worth.

3. The aforementioned net worth shall be based on the figures stated in the Company's latest financial statements audited or reviewed by certified public accountants.

4. If the responsible person of the Company violates the provisions of this article, he/she shall be jointly and severally liable with the borrower for repayment; if the Company or its subsidiaries suffer any damage as a result, the responsible person of the Company shall also be liable for damages.

Article 3: Fund Lending Period and Interest Calculation Method

1. Each fund lending period shall not exceed one year or one business cycle (whichever is longer) from the date of the loan.

2. The interest calculation for the loaned funds shall be calculated on a daily basis, by first multiplying the sum of the daily loan balances (i.e., the total cumulative amount) by the annual interest rate, and then dividing by 365 to determine the interest amount. The annual interest rate shall not be lower than the Company's average bank short-term borrowing interest rate as a principle.

3. Unless otherwise specifically stipulated, the collection of loan interest shall be made on a monthly basis as a principle, with the borrower being notified one week before the agreed interest payment date to make the interest payment on time.

Article 4: Review Procedures

1. Application Procedures

- (1) The borrower shall provide basic information and financial data, complete an application form stating the purpose of the funds, the borrowing period and amount, and then submit it to the Company's finance department.
- (2) If the loan is made due to business relationship, the Company's finance department staff shall assess whether the loan amount is commensurate with the business transaction amount; if the loan is necessary for short-term financing, the reasons and circumstances for the loan shall be enumerated, and a credit investigation shall be conducted. The relevant information and proposed loan terms shall be submitted to the finance department head and the President, and then presented to the Board of Directors for resolution before processing. The authority to make such decisions cannot be delegated to others. Fund lending between the Company and its subsidiaries, or between the Company's subsidiaries, shall also be submitted to the Board of Directors for resolution in accordance with this provision, and the Chairman may be authorized to make multiple disbursements or provide revolving credit to the same borrower within a certain amount resolved by the Board of Directors and for a period not exceeding one year.

The "certain amount" mentioned in the preceding paragraph, except for those that comply with Article 2, Paragraph 1, Item 3, the authorized amount for fund lending by the Company or its subsidiaries to a single enterprise shall not exceed ten percent of the net worth of the borrowing company's most recent financial statements.

- (3) When the Company lends funds to others, it shall fully consider the opinions of each Independent Director. The Independent Directors' approval, objection, or reservation shall all be recorded in the minutes of the Board of Directors meeting, and the reasons for any objection or reservation shall be specified.

2. Credit Investigation

- (1) For first-time borrowers, the borrower shall provide basic information and financial data to facilitate the credit investigation.
- (2) For repeat borrowers, in principle, a new credit investigation shall be conducted when they apply for loan renewal. For major or urgent events, investigations shall be conducted as needed based on actual requirements.
- (3) If the borrower's financial condition is good, and their annual financial statements have been properly certified by a certified public accountant, then a credit investigation report that is less than one year old may be used,

together with the accountant's audit report for that period, as a reference for the loan.

- (4) When the Company conducts a credit investigation on a borrower, it shall also simultaneously assess the impact of the fund lending on the Company's operational risk, financial condition, and shareholders' equity.

3. Loan Approval and Notification

- (1) After credit investigation and assessment, for cases where the Board of Directors resolves not to extend a loan, the responsible personnel shall promptly convey the reasons for rejection to the borrower.
- (2) After credit investigation and assessment, for cases where the Board of Directors resolves to approve a loan, the responsible personnel shall promptly notify the borrower in writing, detailing the Company's loan conditions, including the amount, term, interest rate, collateral, and guarantor requirements, and request the borrower to complete the signing procedures within the specified period.

4. Contract Signing and Verification

- (1) For loan cases, the responsible personnel shall draft the terms of the agreement, which shall be reviewed by the supervising personnel and submitted to legal counsel for confirmation before proceeding with the signing procedures.
- (2) The content of the agreement shall be consistent with the approved loan conditions. After the borrower and joint guarantor have signed and sealed the agreement, the responsible personnel shall complete the verification procedures.

5. Collateral Value Assessment and Rights Establishment

For loan cases that require collateral, the borrower shall provide collateral and complete the procedures for establishing a pledge or mortgage. The Company shall also evaluate the value of the collateral to secure the Company's creditor's rights.

6. Insurance

- (1) All collateral, except for land and securities, shall be insured against fire and other relevant risks. The insurance amount shall not be less than the pledged value of the collateral in principle, and the insurance policy shall designate the Company as the beneficiary. The name, quantity, storage location, insurance conditions, and insurance endorsements of the subject matter as stated on the insurance policy should be consistent with the Company's original loan approval conditions.
- (2) The responsible personnel shall notify the borrower to renew the insurance before the insurance period expires.

7. Loan Disbursement

After the loan conditions are approved and the borrower has duly signed the contract, completed the pledge (mortgage) registration of collateral, and all procedures have been verified to be correct, the loan can be disbursed.

Article 5: Repayment

After the loan is disbursed, regular attention should be paid to the financial condition, business operations, and credit status of the borrower and guarantor. If collateral has been provided, attention should also be paid to any changes in the value of the collateral. One month before the loan matures, the borrower should be notified to repay the principal and interest by the due date.

1. When the borrower repays the loan at maturity, the accrued interest should be calculated first, and after both the interest and principal are fully repaid, the promissory notes, loan receipts, and other debt instruments can be canceled and returned to the borrower.
2. When the borrower applies for the cancellation of mortgage rights, it should first be verified whether there is any remaining loan balance before deciding whether to approve the mortgage cancellation.

Article 6: Loan Extension

Before the loan matures, if necessary, the borrower should apply for an extension one month before the loan due date. The extended period plus the original lending period must not exceed one year or one business cycle (whichever is longer), and is limited to one extension only. After approval by the Board of Directors of the Company, the relevant procedures will be processed again.

Article 7: Registration and Safekeeping of Cases

1. When the Company lends funds, it should establish a register to record detailed information including the borrower, amount, Board approval date, date of fund disbursement, and matters that should be carefully evaluated according to these Operating Procedures for future reference.
2. After disbursing the loan, the personnel handling the case should organize all documents in sequence, including agreements, promissory notes and other debt instruments, collateral documents, insurance policies, and correspondence. These should be placed in a safekeeping pouch with the contents and customer name clearly marked on the outside. The pouch should then be presented to the Financial Department supervisor for inspection. Once verified as correct, the pouch should be sealed, and the handler should sign or stamp the safekeeping register before storing it.

Article 8: Matters to Note When Lending Funds to Others:

1. Before the Company lends funds to others, it should carefully evaluate whether the loan complies with the provisions of these Operating Procedures. The evaluation results should be submitted to the Board of Directors for resolution before proceeding. Such authority cannot be delegated to any other person.
2. The Company's internal auditors should audit the operating procedures for lending funds to others and their implementation at least quarterly, and prepare written records. If any major violations are discovered, they should immediately notify the Audit Committee in writing.
3. If due to changing circumstances, the borrower no longer meets the requirements of these procedures or the loan balance exceeds the limit, the auditing unit should urge the Financial Department to set a deadline for recovering the excess funds. The improvement plan should be submitted to the Audit Committee, and improvements should be completed according to the planned schedule.
4. The responsible personnel should compile a detailed statement of funds lent to other companies for the previous month before the 10th of each month, and submit it through the proper channels for review and approval.

Article 9: Control Procedures for Subsidiaries Lending Funds to Others

1. If a subsidiary of the Company intends to lend funds to others, it should also establish internal regulations that are substantially identical to these Operating Procedures, and proceed according to those regulations.
2. Subsidiaries should compile a detailed statement of funds lent to other companies for the previous month before the 10th of each month (excluding the 10th), and submit it to the Company for review.
3. The internal auditors of subsidiaries should also audit the operating procedures for lending funds to others and their implementation at least quarterly, and prepare written records. If any major violations are discovered, they should immediately notify the Company's auditing unit in writing. The Company's auditing unit should then forward the written information to the Audit Committee.
4. When the Company's auditors conduct inspections at subsidiaries according to the annual audit plan, they should also understand the implementation of the subsidiary's operating procedures for lending funds to others. If any deficiencies are found, they should continuously track the improvement status and prepare a follow-up report to be submitted to the President.

5. The terms "subsidiary" and "parent company" in these procedures shall be determined in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

If the Company's financial reports are prepared in accordance with International Financial Reporting Standards, the term "net worth" in these procedures refers to equity attributable to the owners of the parent company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 10: Information Disclosure (After Public Offering)

1. The Company shall, before the 10th of each month, input the balance of funds lent by the Company and its subsidiaries for the previous month into the Market Observation Post System.
2. The Company shall publicly announce and report within two days from the date of occurrence when any of the following lending of funds reaches one of the following standards:
 - (1) When the aggregate balance of loans made by the Company and its subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.
 - (2) When the balance of loans made by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
 - (3) When the amount of new loans of funds made by the Company or its subsidiaries reaches NT\$10 million or more and reaches 2% or more of the Company's net worth as stated in its latest financial statement.
3. If a subsidiary of the Company is not a domestic public company, any matters requiring public announcement and reporting under subparagraph 3 of the preceding paragraph shall be performed by the Company on behalf of the subsidiary.
4. The Company shall evaluate lending of funds and set aside sufficient provisions for bad debts, disclose relevant information appropriately in the financial reports, and provide relevant data to the certified public accountant to perform necessary audit procedures.
5. The term "date of occurrence" as used in these Procedures refers to the date of signing of a contract, the date of payment, the date of board of directors resolution, or other date that can most certainly determine the borrower and the amount of the loan, whichever comes first.

Article 11: Penalties

When the Company's managerial officers and responsible personnel violate these Operational Procedures, they shall be submitted for evaluation in accordance with the Company's personnel management regulations and employee handbook, and shall be punished according to the severity of the circumstances.

Article 12: Implementation and Amendment

These Procedures shall first be approved by the Audit Committee, then passed by the Board of Directors, and subsequently submitted to the shareholders' meeting for approval. The same applies when the Procedures are amended.

When submitting these Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each Independent Director shall be fully considered. If an Independent Director has any objection or reservation, it shall be recorded in the minutes of the Board meeting.

When the Company amends these Operational Procedures pursuant to paragraph 1, the amendments shall be approved by more than one-half of all Audit Committee members and submitted to the Board of Directors for resolution. If the amendments have not been approved by more than one-half of all Audit Committee members, they may be approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all Directors" as mentioned above shall refer to those actually in office.



Procedures for Endorsements and Guarantees

Approved by the Shareholders' Meeting on June 30, 2003

Amended by the Shareholders' Meeting on June 21, 2006

Amended by the Board of Directors on March 25, 2009

Amended by the Shareholders' Meeting on June 19, 2009

Amended by the Board of Directors on March 24, 2010

Amended by the Shareholders' Meeting on June 15, 2010

Amended by the Board of Directors on August 30, 2012

Approved by the Shareholders' Meeting on June 28, 2013

Amended by the Board of Directors on March 8, 2016

Approved by the Shareholders' Meeting on July 19, 2016

Amended by the Board of Directors on May 10, 2019

Approved by the Shareholders' Meeting on June 28, 2019

Article 1: Purpose

To ensure the Company has guidelines to follow for external endorsements and guarantees, these Procedures are hereby established. For any matters not covered in this procedure, relevant laws and regulations shall be followed.

Article 2: Scope of Application

This Procedure defines endorsements and guarantees as including the following situations:

1. Financing endorsements/guarantees, which refer to bill discounting financing, endorsements or guarantees provided for the purpose of financing other companies, and bills issued to non-financial enterprises as collateral for the Company's financing purposes.
2. Customs duty endorsements/guarantees, which refer to endorsements or guarantees provided by the Company or other companies for customs-related matters.
3. Other endorsements/guarantees, which refer to endorsements or guarantees that cannot be classified under the preceding two categories.

The provision of movable or immovable property by the Company as collateral or mortgage for other companies' loans shall also be handled in accordance with these Procedures.

Article 3: Eligible Recipients for Endorsements and Guarantees

The Company may provide endorsements and guarantees to the following companies:

1. Companies with which the Company has business relationships.
2. Companies in which the Company directly and indirectly holds more than fifty percent of the voting shares.
3. Companies that directly and indirectly hold more than fifty percent of the voting shares in the Company.

Companies in which the Company directly and indirectly holds more than ninety percent of the voting shares may provide endorsements and guarantees to each other, provided that such endorsements and guarantees shall be approved by a resolution of the Board of Directors of the Company before implementation, and the amount shall not exceed ten percent of the Company's net worth. However, this restriction does not apply to endorsements and guarantees provided between companies in which the Company directly and indirectly holds one hundred percent of the voting shares.

The Company's endorsements and guarantees between peers or co-founders as required for contracting projects in accordance with contractual provisions, or endorsements and guarantees provided by all contributing shareholders to the investee company based on their shareholding ratio due to joint investment relationships, or joint and several guarantees for the performance of pre-sale house sales contracts engaged in by peers in accordance with the Consumer Protection Act, are not subject to the restrictions of the preceding two paragraphs and may be provided as endorsements and guarantees.

The "contribution" referred to in the preceding paragraph means direct contribution by the Company or contribution through a company in which the Company holds one hundred percent of the voting shares.

The term "subsidiary" as used in these Procedures shall be determined in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "net worth" as used in these Procedures refers to the equity attributable to the owners of the parent company in the balance sheet as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Limits of Endorsements and Guarantees

1. The total amount of external endorsements and guarantees provided by the Company shall not exceed fifty percent of the current net worth. The limit of endorsement and guarantee for a single enterprise shall not exceed 20% of the current net worth; however, for a single overseas affiliated company, the limit

shall not exceed 40% of the net worth.

2. The total amount of external endorsements and guarantees provided by the Company and its subsidiaries as a whole shall not exceed fifty percent of the Company's net worth, and the limit of endorsement and guarantee for a single enterprise shall not exceed twenty percent of the Company's net worth.
3. If endorsements and guarantees are provided due to business relationships, in addition to the limitations mentioned in the preceding two paragraphs, the amount of individual endorsement and guarantee shall not exceed the total amount of transactions with the Company in the most recent year (the higher of the purchase or sales amount between the two parties). The net worth shall be based on the most recent financial statements audited or reviewed by a certified public accountant.
4. When the total amount of external endorsements and guarantees provided by the Company and its subsidiaries as a whole reaches fifty percent or more of the Company's net worth, the necessity and reasonableness shall be explained at the shareholders' meeting.

Article 5: Decision-making and Authorization Levels

Endorsement and guarantee matters conducted by the Company shall only be carried out after being approved by the Board of Directors. However, to accommodate the need for timeliness, the Board of Directors may authorize the Chairman to make decisions first within 30% of the current net worth, which will be subsequently submitted to the next Board meeting for ratification, and the relevant circumstances shall be reported to the shareholders' meeting for reference. When the Company has established Independent Directors, the Company shall fully consider the opinions of each Independent Director when providing endorsements and guarantees for others, and shall record their clear opinions of consent or objection and the reasons for objection in the minutes of the Board meeting.

Article 6: Procedures for Endorsement and Guarantee

1. When an enterprise that is being endorsed or guaranteed needs to use the amount within the limit of endorsement or guarantee, it shall provide basic information and financial data, and fill out an application form to submit to the Financial Department of the Company. The Financial Department shall conduct a detailed evaluation and carry out credit investigation. The evaluation items include the necessity and reasonability, whether the amount of endorsement and guarantee is commensurate with the business transaction amount when conducting endorsements and guarantees due to business relationships, the impact on the

- Company's operational risk, financial status and shareholders' equity, as well as whether collateral should be obtained and the assessment of the collateral value.
2. The responsible personnel of the Financial Department of the Company shall compile the relevant information and evaluation results mentioned in the preceding paragraph. If the accumulated balance of endorsements and guarantees at the time of processing has not exceeded 30% of the current net worth, they shall be implemented after obtaining the approval of the Chairman, and subsequently submitted to the next Board meeting for ratification; if the accumulated balance of endorsements and guarantees has already exceeded 30% of the current net worth, it shall be submitted to the Board of Directors for approval, and handled according to the Board's resolution.
 3. The endorsement and guarantee register established by the Financial Department should record in detail for reference the endorsed or guaranteed entity, amount, date of approval by the Board of Directors or decision by the Chairman, date of endorsement or guarantee, matters that should be carefully evaluated in accordance with these regulations, contents of collateral and its assessed value, as well as the conditions and date for discharging the endorsement or guarantee responsibility.
 4. When the endorsed or guaranteed enterprise makes a repayment, it should notify the Company of the repayment information, so that the Company's guarantee responsibility can be discharged, and this should be recorded in the endorsement and guarantee register.
 5. The Financial Department shall, in accordance with Financial Accounting Standard No. 9, regularly evaluate and recognize contingent losses on endorsements and guarantees, appropriately disclose information about endorsements and guarantees in financial reports, and provide relevant information to the certifying accountant, so that the accountant can implement necessary audit procedures and issue an appropriate audit report.
 6. When the Company or its subsidiaries provide endorsements or guarantees for a subsidiary whose net worth is less than half of its paid-in capital, in addition to following the regulations in the preceding paragraph, the Company's internal audit personnel shall audit the endorsement and guarantee operational procedures and their implementation at least quarterly, and make written records. If any significant violations are discovered, they shall immediately notify the Audit Committee in writing.
 7. For a subsidiary whose shares have no par value or where the par value per share is not NT\$10, the paid-in capital amount calculated in accordance with the provisions of subparagraph 6 of the preceding paragraph shall be the sum of the share capital plus capital surplus - premium on share issuance.

Article 7: Custody and Procedures for Chops

The dedicated chop for endorsements and guarantees is the company chop registered with the Industrial Development Bureau. This chop should be kept by a

designated person approved by the Board of Directors, and the same applies when there is a change; when processing endorsements and guarantees, the chop may only be used on notes issued in accordance with the company's specified operational procedures. When the Company provides guarantees for foreign companies, the letters of guarantee issued by the Company shall be signed by a person authorized by the Board of Directors.

Article 8: Matters to Note When Processing Endorsements and Guarantees:

1. The Company's internal audit personnel shall audit the endorsement and guarantee operational procedures and their implementation at least quarterly, and make written records. If any significant violations are discovered, they shall immediately notify the Audit Committee in writing.
2. If due to changes in circumstances, an entity for which the Company has provided endorsements or guarantees originally complies with Article 3 of these Procedures but subsequently does not comply, or if the amount of endorsements or guarantees exceeds the limits set forth in Article 4 of these Procedures due to changes in the basis for calculating such limits, the audit unit shall urge the Finance Department to eliminate all or the excessive portion of the endorsement or guarantee amount for such entity when the contract expires or within a specific time period. The improvement plan shall be submitted to the Audit Committee, and the improvement shall be completed according to the planned schedule, as well as reported to the Board of Directors.
3. When the Company processes endorsements and guarantees due to business needs, and it is necessary to exceed the limits set in these Procedures and compliance with the conditions stipulated in these Procedures is maintained, it shall be approved by the Board of Directors and jointly guaranteed by more than half of the directors who shall sign their names to be jointly and severally liable for possible losses that may be caused by the excess of the limit, and these Procedures shall be amended and reported to the shareholders' meeting for retroactive approval. If the shareholders' meeting does not approve, a plan shall be established to eliminate the excess portion within a specific time period. During the Board of Directors' discussion mentioned in the preceding paragraph, the opinions of all Independent Directors shall be fully considered. The consent, dissent, or abstention of Independent Directors shall be recorded in the minutes of the Board meeting, along with the reasons for any dissenting opinions or abstentions.

Article 9: Time Limits and Content for Public Announcement and Reporting. After becoming a public company

1. The Company shall, before the 10th day of each month, enter the balance of endorsements and guarantees of the Company and its subsidiaries for the preceding month into the Market Observation Post System.

2. The Company shall make a public announcement and report within two days from the date of occurrence when the balance of endorsements and guarantees reaches any of the following criteria:
 - (1) When the balance of endorsements and guarantees of the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statements.
 - (2) When the balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statements.
 - (3) When the balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements and guarantees for, carrying amount of investment accounted for using equity method in, and balance of loans to such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statements.
 - (4) When the amount of a new endorsement and guarantee provided by the Company or any of its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statements.
3. Where a subsidiary of the Company is not a domestic public company, and such subsidiary has matters that shall be announced and reported pursuant to Subparagraph 4 of the preceding paragraph, the Company shall make such announcement and report on behalf of the subsidiary.
4. The Company shall evaluate or recognize contingent losses on its endorsements and guarantees, and shall adequately disclose information concerning endorsements and guarantees in its financial reports and provide relevant information to its certifying accountant for the performance of necessary audit procedures.
5. The term "date of occurrence" as used in these Procedures means the date of contract signing, date of payment, date of board of directors resolution, or other dates that can confirm the counterparty and monetary amount of the endorsement or guarantee, whichever date is earlier.

Article 10: Control procedures for endorsements and guarantees provided by subsidiaries

1. If a subsidiary of the Company intends to provide endorsements or guarantees for others, it shall also formulate procedures of substantively the same meaning as these Procedures of the same substantive meaning as these Procedures, and shall handle such matters in accordance with those regulations.
2. A subsidiary shall prepare a detailed statement of endorsements and guarantees for others for the preceding month before the 10th day (exclusive) of each month, and submit it to the Company for review.
3. The internal auditors of the subsidiary shall audit the operating procedures for endorsements and guarantees and their implementation at least quarterly, and

prepare written records. If any material violations are found, they shall immediately notify the Company's audit unit in writing, the Company's audit unit shall submit the written information to the Audit Committee.

4. When the auditing personnel of the Company conducts audits on subsidiaries according to the annual audit plan, they should simultaneously understand the implementation status of the subsidiaries' endorsement and guarantee procedures for others. If any deficiencies are found, they should continuously track the improvement situation and prepare a follow-up report to be submitted to the President.

Article 11: Penalties

When the Company's managerial officers and responsible personnel violate these Operational Procedures, they shall be submitted for evaluation in accordance with the Company's personnel management regulations and employee handbook, and shall be punished according to the severity of the circumstances.

Article 12: Implementation and Amendment

These Procedures shall first be approved by the Audit Committee, then passed by the Board of Directors, and subsequently submitted to the shareholders' meeting for approval. The same applies when the Procedures are amended.

When submitting these Operating Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the opinions of each Independent Director shall be fully considered. If an Independent Director has any objection or reservation, it shall be recorded in the minutes of the Board meeting.

When the Company makes amendments pursuant to the preceding paragraph, the amendments shall be approved by more than one-half of all Audit Committee members and submitted to the Board of Directors for resolution. If the amendments are not approved by more than one-half of all Audit Committee members, they may be approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting. The terms "all Audit Committee members" and "all Directors" as mentioned above shall refer to those actually in office.



Procedures 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 June 12, 2015

Approved by the Shareholders' Meeting on July 19, 2016

Approved by the Shareholders' Meeting on July 16, 2021

Article 1: The election of Directors of the Company shall be conducted in accordance with these Procedures.

Article 1-1: The election of Directors of the Company shall take into consideration the overall composition of the Board of Directors. The composition of the Board of Directors should take diversity into consideration, and appropriate diversification guidelines should be formulated based on its operations, business model, and development needs, which should include but not be limited to standards in the following two major aspects:

1. Basic conditions and values: gender, age, nationality, and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

The members of the Board of Directors should generally possess the knowledge, skills, and qualifications necessary to perform their duties, and the overall capabilities they should possess are as follows:

1. Operational judgment capability.
2. Accounting and financial analysis capability.
3. Business management capability.
4. Crisis management capability.
5. Industry knowledge.
6. International market perspective.
7. Leadership capability.
8. Decision-making capability.

More than half of the seats among directors must not have spousal or second-degree relatives relationship.

The Board of Directors of the Company shall consider adjusting the composition of the Board members based on the results of performance evaluation.

- Article 2: The election of the Company's Directors (including Independent Directors), unless otherwise stipulated in the Articles of Incorporation, shall adopt the method of cumulative voting with disclosed candidate names. Each share has the number of voting rights equal to the number of Directors (including Independent Directors) to be elected. The voting rights may be concentrated on one candidate or distributed among several candidates. Those who receive the highest number of votes shall be elected as Directors (including Independent Directors) respectively. The name of the voter may be represented by the attendance certificate number printed on the ballot. Independent Directors and non-Independent Directors shall be elected simultaneously, but the number of elected seats shall be calculated separately.
- Article 3: The Board of Directors shall prepare ballots equal to the number of Directors (including Independent Directors) to be elected, mark them with the attendance certificate numbers, and indicate the number of voting rights, and distribute them to the shareholders attending the shareholders' meeting.
- Article 4: The Directors (including Independent Directors) of the Company shall be elected by the shareholders' meeting from among persons with legal capacity, and in accordance with the number of positions specified in the Company's Articles of Incorporation, using the single-name cumulative voting method. The election of Directors (including Independent Directors) adopts the candidate nomination system, and candidates shall follow the candidate nomination system procedures as specified in Article 192-1 and Article 216-1 of the Company Act. Those who receive the highest number of votes shall be elected in sequence. If two or more persons receive the same number of votes, resulting in more candidates than the specified number of positions, the winners shall be decided by drawing lots. If the person is not present, the chairman shall draw lots on behalf of that person.
- Article 4-1: If a Director is dismissed for any reason, resulting in fewer than five Directors, the Company shall hold a by-election at the next shareholders' meeting. However, if the number of vacant Director seats reaches one-third of the total number of seats specified in the Articles of Incorporation, the Company shall convene a special shareholders' meeting within sixty days from the date of occurrence to hold a by-election.
- If the number of Independent Directors falls below the requirement stipulated in the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting; when all Independent Directors have been dismissed, a special shareholders' meeting shall be convened within sixty days from the date of occurrence to hold a by-election.
- Other matters to be complied with shall be handled in accordance with the Company Act and relevant regulations of the securities regulatory authority.

- Article 5: Before the election begins, the chairman shall appoint several scrutineers (from among the attending shareholders) and vote counters to carry out the various related tasks during the election.
- Article 6: The Board of Directors shall set up a ballot box for the election of Directors, which shall be inspected publicly by the scrutineers and vote counters together before voting begins.
- The ballots for the election matters mentioned in the preceding paragraph shall be sealed and signed by the scrutineers for proper safekeeping, and shall be kept for at least one year. However, if a shareholder initiates a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be kept until the conclusion of the litigation.
- Article 7: (Deleted)
- Article 8: Election ballots shall be deemed invalid under any of the following circumstances:
1. Ballots not prepared by the person having the right to convene the meeting.
 2. Ballots containing writing other than the distribution of voting rights.
 3. Ballots with illegible writing or those that have been altered.
 4. Ballots where the name of the candidate does not match the list of director candidates after verification.
 5. Ballots where the number of candidates filled in exceeds the required number of positions to be elected.
 6. Ballots not placed in the ballot box or blank ballots without any writing.
- Article 9: After all ballots have been placed in the ballot box, the ballot supervisors shall open the ballot box.
- Article 10: If there are any questions about a ballot, the ballot supervisors shall determine whether it is invalid. Invalid ballots should be set aside and, after the counting is completed, the number of invalid ballots and the voting rights they represent shall be tallied and handed over to the ballot supervisors, who shall mark them as invalid and affix their signatures.
- Article 11: If elected directors are found to be unqualified or unsuitable according to relevant laws after verification, their vacancies shall be filled by the candidates who received the next highest number of votes in the original election.
- Article 12: After the ballot counting results have been verified by the ballot supervisors to ensure that the sum of valid and invalid ballots is correct, the number of valid ballots and their voting rights, as well as the number of invalid ballots and their voting rights, shall be recorded separately in the tally sheet. The chairperson shall then announce the names of the elected candidates and their respective number of voting rights received at the meeting.
- Article 13: Matters not stipulated in these procedures shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 14: These procedures shall be implemented after approval by the shareholders' meeting, and the same shall apply when amended.

Your Target is Our Target

Procedures for Engaging in Derivative Transactions

Approved by the Shareholders' Meeting on June 30, 2003

Amended by the Shareholders' Meeting on June 24, 2004

Amended by the Board of Directors on May 18, 2009

Amended by the Shareholders' Meeting on June 15, 2010

Amended by the Board of Directors on May 9, 2014

Amended by the Shareholders' Meeting on June 27, 2014

Amended by the Board of Directors on March 20, 2015

Amended by the Board of Directors on April 30, 2015

Amended by the Shareholders' Meeting on June 12, 2015

Amended by the Board of Directors on March 8, 2016

Amended by the Board of Directors on May 11, 2016

Amended by the Board of Directors on June 22, 2016

Amended by the Shareholders' Meeting on July 19, 2016

Amended by the Board of Directors on November 11, 2016

Amended by the Shareholders' Meeting on December 28, 2016

Amended by the Board of Directors on March 21, 2018

Amended by the Shareholders' Meeting on June 15, 2018

Amended by the Board of Directors on February 12, 2020

Amended by the Board of Directors on May 8, 2020

Amended by the Shareholders' Meeting on June 19, 2020

Section 1: Purpose

Article 1: These "Procedures for Handling Derivative Transactions" (hereinafter referred to as "these Procedures") are specially formulated to effectively reduce the risks arising from fluctuations in commodity prices, exchange rates, interest rates, etc. These Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as "the Regulations").

Section 2: Transaction Principles and Guidelines

Article 2: Types of Transactions

1. The derivative products referred to in these Procedures mean transaction contracts whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables (such as forward contracts, option contracts, swap contracts, futures contracts, leveraged margin contracts, and complex contracts composed of the aforementioned products).
2. The forward contracts referred to in these Procedures do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and forward purchase (sales) contracts.
3. Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of these Procedures.

Article 3: Operating and Hedging Strategies

1. The Company's derivatives transactions are based on the principle of risk hedging. Product selection should primarily focus on mitigating risks arising from the Company's business operations. The currencies held must match the foreign currency requirements of the Company's actual import and export transactions. The principle is to internally offset positions within the Company (referring to actual precious metal transactions or inventories and foreign currency income and expenditure), thereby reducing the Company's overall risk exposure to precious metal price fluctuations and foreign exchange volatility, as well as saving operational costs. For interest rate risks associated with assets or liabilities with a duration of one year or more, measures should be taken to eliminate such risks in order to lock in returns or costs.
2. The Company does not engage in specific transactions for non-hedging purposes.

Article 4: Division of Responsibilities

1. Precious Metal Management Center:
 1. Responsible for operating derivatives transactions to hedge against risks arising from the Company's business operations.
 2. Personnel assigned by the head of the Precious Metal Management Center who are authorized to conduct and confirm derivatives transactions, with the approval of senior executives authorized by the Board of Directors, shall be designated in a written authorization agreement signed between the Company and the financial institution with which transactions are conducted.
 3. Confirmation of transactions shall be carried out by personnel who are not responsible for trading; furthermore, settlement shall be performed

- by personnel who are not responsible for trading or confirmation.
4. The appointment and dismissal of trading and confirmation personnel should be notified to the transaction counterparties before the effective date to protect the Company's interests.
2. Accounting and Finance Units:
1. Verify the completeness of transactions and record accounting entries based on relevant transaction documents.
 2. Conduct reporting and announcements in accordance with the provisions of these Guidelines.
3. Risk Management Unit: Responsible for measuring, monitoring, and controlling risks associated with derivatives transactions, and reporting to senior executives authorized by the Board of Directors.

Article 5: Performance Assessment

The performance of hedging operations is measured and evaluated based on the hedging strategy.

Article 6: Transaction Limits and Authorization

The total contract amount for hedging derivative transactions shall not exceed 100% of the latest quarterly operating revenue plus the average total inventory of the latest quarter.

1. Precious Metal Transactions: Unless under special circumstances, daily transactions are limited to no more than 120% of the company's daily accumulated net position in precious metals.
2. Inventory Hedging Position: Unless under special circumstances, daily transactions are limited to no more than 50% of the average inventory position of the latest quarter, and the accumulated total inventory hedging position shall not exceed 100% of the total inventory.
3. Currency Transactions: Limited to the company's capital requirements and net positions (i.e., the difference between foreign currency assets and liabilities) in each currency.
4. Interest Rate Transactions: For specific purpose expenditures, including but not limited to long-term interest rate positions arising from syndicated loans, limited to the amount of the Company's long-term borrowings calculated at floating interest rates.

Article 7: Establishment of Maximum Loss Limits for All Transaction Contracts and Individual Transaction Contracts

Hedging transactions are positions generated to support company operations, with

the maximum loss amount for individual contracts and all contracts limited to 30% of the contract amount respectively.

2. If the maximum loss amount for all contracts or individual contracts is reached, the trader should discuss with the head of the Precious Metal Management Center, and submit a written report explaining the measures to reduce losses and their impact on the company. After approval by the senior executive authorized by the Board of Directors, the trader will implement the approved measures and report to the next Board meeting.

Section 3: Operating Procedures

Article 8:

1. Designated traders shall be responsible for order transactions between the company and its correspondent banks.
2. Before trading, conduct verbal inquiries and price comparisons by telephone with various correspondent banks.
3. After the transaction is completed, the trader should input the transaction information into the precious metals trading platform, and the confirmation personnel should confirm whether the transaction terms and conditions are consistent with external data. If any discrepancies are found, they must be immediately clarified with the trader.
4. After the transaction is confirmed by the confirmation personnel, the settlement personnel shall execute settlement matters according to the transaction details in the precious metals trading platform.
5. The accounting department shall prepare accounting entries and record accounting transactions based on settlement vouchers and related transaction documents.
6. A reference book should be established, and relevant matters should be recorded in accordance with relevant laws and regulations.
7. When the Company engages in derivative product transactions and authorizes relevant personnel to handle them according to the provisions of these Procedures, it should be reported to the next Board of Directors meeting afterward.

Section 4 Public Announcement and Reporting Procedures

- Article 9 The Company shall, by the 10th of each month, input into the information reporting website designated by the Financial Supervisory Commission (FSC) the status of derivative product transactions conducted by the Company and its non-domestic

publicly listed subsidiaries up to the end of the previous month, in accordance with the prescribed format.

In addition to the provisions of the preceding paragraph, if there are other matters that should be publicly announced and reported as required by other laws and regulations, they shall be handled in accordance with the relevant regulations. When a subsidiary of the Company that is not a domestic publicly listed company has an event specified in this provision, the Company shall also make the public announcement and reporting on its behalf.

If there are errors or omissions in the items that the Company is required to announce at the time of announcement and should be corrected, all items should be re-announced and reported.

Section 5 Accounting Treatment Principles

Article 10: The Company's accounting treatment methods for derivative product transactions shall, except as provided in these Procedures, be handled in accordance with relevant accounting standards bulletins and related regulations.

Section 6 Internal Control System

Article 11: Risk Management Measures

1. Credit Risk: Limited in principle to banks with which the Company has transactions or internationally renowned financial institutions.
2. Market Risk: The Company shall constantly control the risk of market price changes in derivative products due to changes in product prices, exchange rates, interest rates, or other factors.
3. Liquidity Risk: Must pay attention to the size, depth, and liquidity of specific markets to reduce liquidity risk.
4. Cash Flow Risk: When conducting transactions, consideration must be given to whether they affect the company's cash flow.
5. Operational Risk: Strictly follow transaction processing procedures to avoid operational risk.
6. Legal Risk: Any documents signed with transaction counterparties must be reviewed by legal personnel before formal signing to avoid legal risks.

Article 12: Internal Control

1. Internal personnel engaged in derivative product trading and those responsible for confirmation, settlement, and other operations must not hold concurrent positions.

2. Personnel responsible for risk measurement, supervision, and control should belong to different departments from the personnel mentioned in the preceding paragraph and should report to senior executives authorized by the Board of Directors.

Article 13: Regular Evaluation

Derivative positions held should be evaluated at least once a week. However, hedging transactions conducted for business needs should be evaluated at least twice a month. The evaluation reports should be submitted to senior executives authorized by the Board of Directors.

Article 14: Senior executives authorized by the Board of Directors should constantly monitor and control the risks of derivative product transactions, regularly evaluate whether the performance of derivative product transactions aligns with the established business strategy, whether the transactions are conducted in accordance with the company's prescribed transaction procedures, and whether the risks undertaken are within the permissible scope. They should also regularly assess whether the current risk management procedures are appropriate and are being implemented in accordance with the relevant provisions of these Procedures. Supervise transactions and profit/loss conditions. When abnormal situations are discovered, necessary countermeasures should be taken and immediately reported to the Board of Directors. Independent Directors should be present at Board meetings and express their opinions.

Section 7: Internal Audit System

Article 15:

1. Internal audit personnel should regularly understand the appropriateness of internal controls for derivative product transactions, and monthly audit the trading department's compliance with procedures for engaging in derivative product transactions, analyze transaction cycles, and prepare audit reports. If major violations are discovered, the Audit Committee should be notified in writing, and relevant personnel should be dealt with according to the nature of the violation.
2. Audit personnel should submit the audit report along with the annual audit situation of internal audit operations to the Financial Supervisory Commission by the end of February of the following year, and report the improvement status of abnormal matters to the Financial Supervisory Commission for reference by the end of May of the following year at the latest.

Section 8: Other Matters

Article 16: These Procedures should first be approved by the Audit Committee, then passed by the Board of Directors, and subsequently submitted to the shareholders' meeting for approval. The same process applies to any amendments. If the Company has appointed Independent Directors, when the "Procedures for Engaging in Derivatives Transactions" is submitted to the Board of Directors for discussion, the opinions of each Independent Director should be fully considered, and their consent or objection along with the reasons should be recorded in the meeting minutes.

Article 17: Penalties

The Company's relevant executing personnel who violate these Procedures shall be dealt with according to the Company's relevant regulations on evaluation and rewards and punishments.

Solar Applied Materials Technology Corp.
Shareholding Status of All Directors
Record Date: April 14, 2025

| Title | Name | Number of Shares Held (shares) | Shareholding Ratio (%) |
|------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------|---------------------------|
| Chairman | Chii-Feng Huang | 6,300,462 | 1.06 |
| Directors | Sheng Yuan Investment Co., Ltd. Representative: Pen-Chan Hung | 10,405,064 | 1.75 |
| Directors | Yung-Chang Chao | 0 | 0 |
| Directors | Xxentria Chi Co., Ltd. Representative: Gary Chung | 38,692,000 | 6.49 |
| Directors | Xxentria Chi Co., Ltd. Representative: Vincent Huang | 38,692,000 | 6.49 |
| Independent Director | Feng-Chi Kao | 0 | 0 |
| Independent Director | Chun-Hung Tung | 0 | 0 |
| Independent Director | Chia-Hsin Chang | 0 | 0 |
| Independent Director | Pi-Chuan Sun | 0 | 0 |
| Total shares held by all directors and percentage | | 55,397,526 | 9.30 |

1. The Company's paid-in capital is NT\$5,961,062,430, with 596,106,243 shares issued.
2. According to Article 26 of the Securities and Exchange Act and the Regulations Governing the Percentage of Shareholding and Inspection of Shares Held by Directors and Supervisors of Public Companies, the statutory minimum number of shares to be held by all directors of the Company is 19,075,400 shares.