

# **Skytech Inc.**

## **Handbook for the 2024 Annual Meeting of Shareholders**

**MEETING TIME: 05 31,2024**

**Location: No.265, Dong Sec. 1, Guangming 6th Rd., Zhubei City, Hsinchu County  
30264, Taiwan (R.O.C.) (Sheraton Hsinchu Hotel, Junior Ballroom West  
Wing 4F)**

**(Summary Translation– In case of any discrepancy between the Chinese and  
English versions, the Chinese version shall prevail.)**

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## **A. Meeting Procedure**

- I. Call Meeting to Order
- II. Chairman's Opening Remarks
- III. Report Items
- IV. Matters for Ratification
- V. Matters for Discussion
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

## **B. Meeting Agenda**

Method of Convening the meeting : Physical shareholder's meeting

Time : 9:30 AM May 31,2024

Location : No.265, Dong Sec. 1, Guangming 6th Rd., Zhubei City, Hsinchu County  
30264, Taiwan (R.O.C.) (Sheraton Hsinchu Hotel,Junior Ballroom West  
Wing 4F)

- I. Announce the start of the meeting (report the number of shares attended)
- II. Chairman's Opening Remarks
- III. Report Items
  1. Company's Business Report for fiscal year 2023.
  2. Audit Committee's Review Report of the Financial Statements for fiscal year 2023.
  3. Report of the status of distributable compensation for employees and directors for fiscal year 2023.
  4. Status of distribution for cash dividend of 2023 earnings.
  5. Formulate the Sustainable Development Best Practice Principles.
  6. Amendments to the Rules of Procedure for Board of Directors Meetings.
- IV. Matters for Ratification
  1. Adoption of 2023 business report and financial statements.
  2. Adoption of the earnings distribution plan for fiscal year 2023.
- V. Matters for Discussion
  - Issuance of restricted stock units.
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

## **Report Items**

### **Item 1**

Subject: Company's Business Report for fiscal year 2023.

Explanatory Note: Please refer to Attachment 1, page 8~9, for 2023 Business Report.

### **Item 2**

Subject: Audit Committee's Review Report of the Financial Statements for fiscal year 2023.

Explanatory Note: Please refer to Attachment 2, page 10, for Audit Committee's Review Report.

### **Item 3**

Subject: Report of the status of distributable compensation for employees and directors for fiscal year 2023.

Explanatory Note:

1. Article 21 of the Company's Articles of Incorporation provides that if there is profit in any given year, the Company shall allocate not less than 1% of the remuneration of employees, which shall be distributed in stock or cash by resolution of the Board of Directors, and the Company may allocate not more than 2% of the above amount of profit to the remuneration of directors by resolution of the Board of Directors.
2. Company's profit before tax prior to the deduction of the distributable compensation of employees and directors for 2023 was NT\$369,643,799. It is proposed to aside NT\$5,517,993, as employees' compensation, and no director remuneration will be distributed, all in cash.

### **Item 4**

Subject: Status of distribution for cash dividend of 2023 earnings.

Explanatory Note:

1. In accordance with Article 21-1 of the Articles of Incorporation, distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
2. The proposed dividend to shareholders is a cash dividend of NT\$2 per common share, amounting to NT\$134,954,526. The cash dividend shall be calculated to the nearest NT\$1 based on the ratio of the distribution, and any amount less than NT\$1 shall be discarded. The aggregate amount of fractions less than NT\$1 of the distribution shall be recognized as Company's other income.
3. The proposal was resolved by the Board of Directors and the Chairman of the Board of

Directors was authorized to determine the ex-dividend date and payment date. If any future event affects the total number of Company's outstanding shares and causes changes in the total number of Company's outstanding shares, it is proposed that the Chairman be authorized to adjust the distribution ratio based on the total amount of earnings.

#### **Item 5**

Subject: Formulate the Sustainable Development Best Practice Principles.

Explanatory Note:

1. The company has established a basis for corporate governance operations and has set forth the "Sustainable Development Practice Code" in accordance with the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies " to be followed.
2. Please refer to Attachment 3, page 11~19, for Comparison Table for the Formulate to the Sustainable Development Best Practice Principles.
3. This item has been adopted by the Board of Directors and is hereby reported at the annual shareholders' meeting.

#### **Item 6**

Subject: Amendments to the Rules of Procedure for Board of Directors Meetings.

Explanatory Note:

1. The Company amended the Rules of Procedure for Board of Directors Meetings pursuant to the Financial Supervisory Commission R.O.C (Taiwan) letter (Ref. No. 1120383996) , amending certain articles of the Rules of Procedure for Board of Directors Meetings.
2. Please refer to Attachment 4, page 20~23, for Comparison Table for the Amendments to the Rules of Procedure for Board of Directors Meetings.

## **II. Matters for Ratification**

### **Item 1**

**Proposed by the Board of Directors**

Subject: Adoption of the Business Report and Financial Statements for fiscal year 2023.

Explanatory Note:

1. The Company's 2023 Business Report and consolidated and parent company only Financial Statements were audited by the CPAs of PricewaterhouseCoopers, Taiwan.
2. 2023 Business Report, Report of Independent Accountants, and the aforementioned Financial Statements please refer to Attachment 1 on page 8~9, Attachments 5 on page 24~47.

3. The Company's 2023 Business Report and consolidated and parent company only Financial Statements have been approved by the Board of Directors and reviewed by the Audit Committee. It is hereby submitted to the annual shareholders' meeting for approval.

Resolution:

## **Item 2**

**Proposed by the Board of Directors**

Subject: Adoption of the earnings distribution plan for fiscal year 2023.

Explanatory Note:

1. The Company's net profit after tax for 2023 was NT\$306,661,030. Undistributed earnings in the beginning of 2023 was NT\$423,599,699, and legally setting aside 10% as legal reserve of NT\$30,666,103, the ending accumulated undistributed earnings amounted to NT\$699,594,626. The Company plans to distribute dividends in the amount of NT\$134,954,526.
2. 2023 Earnings Distribution Table please refer to Attachment 6, page 48.
3. This item has been approved by the Audit Committee and adopted by the Board of Directors, and is hereby submitted to the annual shareholders' meeting for approval.
4. Based on the foregoing, this proposal is hereby submitted to the shareholders' meeting for approval.

Resolution:

## **III. Matters for Discussion**

### **Item 1**

**Proposed by the Board of Directors**

Subject: Issuance of restricted stock units.

Explanatory Note:

1. In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders, the Company plans to issue restricted stocks in accordance with the relevant provisions of Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".
2. Issue Condition :
  - (1) Total issuance amount : The total cap is set issuance at 200,000 shares for common stock. NTD 2,000,000 at par value NTD 10 per share. The issuance will take place once or in multiple instances within two years from the date the notification of

approval from the regulatory authority becomes effective. The actual date of issuance will be determined by the Chairman, as authorized by the Board of Directors.

(2) Issue Condition :

I. Issue price : Grants will be made free of charge.

II. Vesting conditions :

From the date when employees are granted restricted stock units, they have to fulfill the service code(annual performance rating of 3 or above), and should not violate the company's labor contract, etc.

The proportions of shares that can be separated from the vested conditions are as follows:

- i. Maturity of one year: 20% of the allotted shares.
- ii. Maturity of 2 years: 30% of the allotted shares.
- iii. Maturity of 3 years: 50% of the allotted shares.

III. Type : The shares issued and granted to employees are common stock of the company, and their rights and obligations are the same as those of other outstanding common stocks, except as otherwise specified in the issuance method.

IV. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: following the processes prescribed by the issuing rules.

(3) Eligible employees and shares to grant :

I. Restricted employee rights shares are to be granted only to full-time, official employees of the company and its domestic and international subsidiaries or affiliated companies that are present on the date of the grant. The definition of control or affiliation with these companies is determined according to the standards set by the Financial Supervisory Commission in its decree issued on December 27, 2018, under the reference NO 1070121068.

II. The actual numbers of new shares that can be granted to employees are based on the consideration of overall contribution, special merit or other factors, and the company's operational needs and business development strategy, proposed by chairman and approved by the board of directors. Shares granted to executives and directors with employee capacity are required to be approved by the salary and compensation committee and the board of directors. For individuals who are not executive managers, approval from the Audit Committee is required before issuance.

III. The upper limit to issue to a single employee should follow the rules defined in Regulations Governing the Offering and Issuance of Securities by Securities Issuers.



Once the rules or regulations are updated, the upper limit shall follow thereafter.

- (4) Reasons for the issuance of restricted stocks: In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders.
- (5) Estimated expense amount, dilution of EPS and other matters that affect shareholders' equity:
  - I. The Company shall value the fair market value of shares and record expenses during the vesting period annually.
  - II. If all the conditions are met, the total expenses are preliminarily estimated and the dilution effect on earnings per share are as follows:

| Year  | Expense(NTD Thousand) | dilution effect on earnings per share (NTD Thousand) |
|-------|-----------------------|--|
| 2025  | 10,256                | 0.1520   |
| 2026  | 16,542                | 0.2451   |
| 2027  | 9,594                 | 0.1422   |
| 2028  | 3,308                 | 0.0490   |
| Total | 39,700                | 0.5883   |

Note 1: The estimate is based on the closing price of NTD 198.5 on February 5th of the 113th year and the outstanding shares of 67,477,263. It is proposed to be issued by the end of June in the 114th year. However, the actual expense amount and the impact on earnings per share will depend on the fair value on the actual issuance date.

Note 2: The impact on the company's earnings per share is still limited, therefore, it does not have a significant impact on shareholder equity.

III. Please refer to Attachment 7 on page 49~51 for the issuance rules of 2024 Employee Restricted Stock Awards Plan.

3. If there are other undefined matters related to this issuance or amendments due to changes in the laws and regulations of the competent authority or other objective environmental factors in the future, , or for matters not fully addressed previously, within the scope permitted by law, it is proposed to authorize the chairman at the shareholders' meeting to amend this plan. Only after subsequent ratification by the board of directors can the issuance proceed.
4. Based on the foregoing, this proposal is hereby submitted for discussion at the shareholders' meeting.

Resolution:

#### IV. Extemporary Motions

#### V. Meeting Adjourned

## Skytech Inc. Business Report

### 1. Business Strategy

The company continuously strengthens its independent research, development, and manufacturing capabilities. In the future, Skytech will persist in investing in the development and refinement of semiconductor process equipment, including Physical Vapor Deposition (PVD), Atomic Layer Deposition (ALD), wafer bonding machines (Bonder), and wafer debonding machines (Debonder). Additionally, Skytech will collaborate with strategic partners to conduct customized research and development for special applications related to these processes. Adhering to the company's long-standing R&D strategy, Skytech actively establish independent R&D capacity, and through strategic partnerships with advanced semiconductor factories, Skytech will jointly develop key production equipment and processes, combine the integration of domestic electromechanical control upstream and downstream manufacturers, achieve the goal of the national team of semiconductor equipment, and realize the ideal of localization of semiconductor equipment.

### 2. Implementation Overview

In the year 2023, the long-term effects of the COVID-19 pandemic persist, geopolitical conflicts have intensified, and the country continues to face high inflation, all of which add numerous risks to economic growth and corporate development. However, at the same time, there is a clear trend of development in emerging industries on a global scale. Emerging industries such as new energy and artificial intelligence, characterized by high technology content and high added value, provide new growth points for economic development. In this environment of coexisting risks and opportunities, all employees of the company continue to work hard to create value for shareholders.

### 3. Operating Results

For the fiscal year 2023, the company's Consolidated revenue amounted to NTD 1,992,643 thousand, a 10% increase from NTD 1,815,477 thousand in fiscal year 2022. As for the net profit in the fiscal year 2023, it was NTD 306,661 thousand, a decrease of 3% from NTD 316,862 thousand in the fiscal year 2022 .

### 4. Financial Performance

#### (1) Operating income

For the fiscal year 2023, the annual revenue included sales income, maintenance income, and service income, totaling NTD 1,992,643 thousand. This is an increase of NTD 177,166 thousand (10%) compared to the fiscal year 2022, which totaled NTD 1,815,477 thousand. The primary reason for this increase is attributed to a rise in machinery and spare parts sales, which accounted for an increase of NTD 175,617 thousand.

#### (2) Operating expenses

For the fiscal year 2023, the total operating expenses amounted to NTD 1,670,004 thousand, marking an increase of NTD 142,870 thousand (9%) compared to fiscal year 2022, which had total expenses of NTD 1,527,134 thousand. The main drivers behind this increase were a rise in operating costs by NTD 145,996 thousand (15%) due to increased revenue, and a decrease in operating expenses by NTD 3,126 thousand (-1%), resulting from effective cost control measures.

## 5. Profitability

During the fiscal year 2023, Skytech continued to expand operational scale and actively reduced related costs of goods sold while also controlling the growth rate of operating expenses. Consequently, operating profit increased by 12% compared to fiscal year 2022. However, due to fluctuations in international exchange rates leading to a significant reduction in foreign exchange gains, the net profit after taxes decreased by 3% compared to fiscal year 2022.

## 6. Research and Development

The company, leveraging its unique high-vacuum plasma technology for semiconductor equipment R&D, continues to provide optimal services to customers. Besides main products, Physical Vapor Deposition (PVD) and Atomic Layer Deposition (ALD), the Descum equipment developed in the year 2023 has received market recognition, with imminent orders from European clients, demonstrating that our R&D capabilities and direction meet market demands. Looking ahead, the competitiveness of a corporation resides in its continual innovation and R&D. For the year 2024, the company plans to invest in the production of Chemical Vapor Deposition (CVD) equipment. Skytech will continue to engage in the R&D of forward-looking technologies and innovative applications, implement productization designs, scale up research, and systematic management, to further solidify our leading position in core competitiveness.

Chairman: Paul Huang

President: Paul Huang

Accounting Officer: Rick Chang

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

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The audit firm PricewaterhouseCoopers, Taiwan was retained to audit the Company's Financial Statements and has issued an audit report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to the relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee hereby submits this report.

Skytech.

Convener of the Audit Committee: Bai-Da Shr  
February 23, 2024

## **Sustainable Development Best Practice Principles**

### **Chapter 1 General Principles**

#### Article 1

In pursuit of to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development.

The company adopt the Principles to be followed by Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies to promulgate their own sustainable development principles.

#### Article 2

The Principles apply to the company, including the entire operations of both the company and the business group.

The Principles encourage the company to actively fulfill sustainable development in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

#### Article 3

In promoting sustainable development initiatives, the company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

#### Article 4

To implement sustainable development initiatives, the company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

## Article 5

The company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

## Chapter 2 Exercising Corporate Governance

### Article 6

The company is advised to follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

### Article 7

The company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors of the company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's furtherance of its sustainable development objectives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

### Article 8

The company is advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

#### Article 9

For the purpose of managing sustainable development initiatives, the company is advised to create a governance structure for promotion of sustainable development, and establish a concurrently dedicated unit is General Manager's Office to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

#### Article 10

The company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

### Chapter 3 Fostering a Sustainable Environment

#### Article 11

The company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### Article 12

The company is advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 13

The company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.

2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

#### Article 14

The company is advised to establish a dedicated unit is Materials Department for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

#### Article 15

The company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

#### Article 16

To improve water use efficiency, the company shall properly and sustainably use water resources and establish relevant management measures.

The company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

#### Article 17

The company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

The company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the



company.

2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.
3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

## Chapter 4 Preserving Public Welfare

### Article 18

The company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The company, to fulfill the responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

#### Article 19

The company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

#### Article 20

The company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The company is advised to organize training on safety and health for their employees on a regular basis.

#### Article 21

The company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 22

The company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The company shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### Article 22-1

The company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

#### Article 23

The company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

#### Article 24

The company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### Article 25

The company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

#### Article 26

The company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

The company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When the company enter into a contract with any of major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

#### Article 27

The company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

### Chapter 5 Enhancing Disclosure of Sustainable Development Information

#### Article 28

The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

#### Article 29

The company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.

3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## Chapter 6 Supplementary Provisions

### Article 30

The company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

### Article 31

This code of conduct shall be implemented upon approval by the board of directors, and the same applies when amendments are made.

### Article 32

This guideline was established on July 21, 2023.

**Comparison Table for the Amendments to  
Rules of Procedure for Board of Directors Meetings**

| After the Amendment   | Before the Amendment   | Note   |
|---|--|--|
| <p><b>Article 8 .....(The first ~ third item is omitted)</b></p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time <u>on that day</u>, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.</p> <p>The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number</p> | <p><b>Article 8 .....(The first ~ third item is omitted)</b></p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.</p> <p>The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in</p> | <p>1. In order to avoid any dispute arising from the delay in the extension of the meeting of the Board of Directors, the Chairman may announce that the time limit for the extension of the meeting shall be limited to that day if the number of attendees is insufficient.</p> <p>2. Items 1~3 have not been amended.</p> |

| After the Amendment   | Before the Amendment   | Note  |
|---|--|---|
| of directors then actually in office.   | office.  |   |
| <p><b>Article 11</b> A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p> <p><u>During the board meeting, if the Chairman is unable to preside over the meeting or</u></p> | <p><b>Article 11</b> A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p> | <p>1. Items 1~3 have not been amended.</p> <p>2. Considering practical circumstances, during the conduct of board meetings, if the chairman is unable to preside over the meeting or fails to declare adjournment as per regulations, in order not to hinder the operation of the board, an additional provision (paragraph 4) is hereby established. It specifies that the method for appointing a proxy shall follow the regulations set forth in Article 7, Paragraph 3, with the vice-chairperson</p> |

| After the Amendment  | Before the Amendment | Note   |
|--|----------------------|--|
| <p><u>adjourns the meeting in accordance with the provisions of Paragraph 2, the appointment of a proxy shall follow the the provisions of Article 7, Paragraph 3.</u></p> |                      | <p>acting as the proxy. If there is no vice-chairperson, or the vice-chairperson is also absent or unable to exercise their duties for any reason, a managing director designated by the chairperson shall act as proxy. In the absence of a managing director, one of the directors shall be designated as proxy. If the chairperson does not designate a proxy, a managing director or director shall be mutually elected to act as proxy.</p> |



| <b>After the Amendment</b>   | <b>Before the Amendment</b>   | <b>Note</b>                                       |
|--|---|---|
| <p><b>Article 18</b> These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.</p> <p>This procedure was established on June 9th, 2022.</p> <p>This procedure was revised on January 6th, 2023.</p> <p>This procedure was revised on December 14th, 2023.</p> <p><u>This procedure was revised on February 23th, 2024.</u></p> | <p><b>Article 18</b> These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.</p> <p>This procedure was established on June 9th, 2022.</p> <p>This procedure was revised on January 6th, 2023.</p> <p>This procedure was revised on December 14th, 2023.</p> | <p>Incorporate in the Date of this Amendment.</p> |

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Skytech Inc.

***Opinion***

We have audited the accompanying consolidated balance sheets of Skytech Inc. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

***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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### **Valuation of inventories**

##### Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,227,347 thousand and NT\$83,779 thousand, respectively.

The Group is primarily engaged in the producing, manufacturing and rendering maintenance services of semiconductor equipment and related spare parts. Due to the fluctuation of market demand and supply, it may result in the need for the assessment of inventory valuation loss. The Group recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Validated the appropriateness of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period, and verified the effective aging date by examining the supporting documents.
3. Evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of Skytech Inc. as at and for the years ended December 31, 2023 and 2022.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Cheng, Ya-Huei

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Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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

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

SKYTECH INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Assets                    | Notes                                      | December 31, 2023 |                     | December 31, 2022 |                     |            |
|---------------------------|--|-------------------|---------------------|-------------------|---------------------|------------|
|                           |  | AMOUNT            | %                   | AMOUNT            | %                   |            |
| <b>Current assets</b>     |  |                   |                     |                   |                     |            |
| 1100                      | Cash and cash equivalents                  | 6(1)              | \$ 1,005,342        | 24                | \$ 554,146          | 19         |
| 1136                      | Current financial assets at amortised cost | 6(2)              | 200,000             | 5                 | -                   | -          |
| 1150                      | Notes receivable, net                      | 6(3)              | 164,346             | 4                 | 234                 | -          |
| 1170                      | Accounts receivable, net                   | 6(3)              | 312,635             | 8                 | 443,013             | 15         |
| 1197                      | Finance lease receivable, net              | 6(8)              | 7,942               | -                 | 4,891               | -          |
| 1200                      | Other receivables                          |                   | 334                 | -                 | 12,214              | -          |
| 1220                      | Current income tax assets                  |                   | -                   | -                 | 24,168              | 1          |
| 130X                      | Inventories                                | 6(4)              | 1,143,568           | 28                | 1,002,655           | 34         |
| 1410                      | Prepayments                                | 6(5)              | 92,310              | 2                 | 89,457              | 3          |
| 1470                      | Other current assets                       |                   | 508                 | -                 | -                   | -          |
| 11XX                      | <b>Total current Assets</b>                |                   | <u>2,926,985</u>    | <u>71</u>         | <u>2,130,778</u>    | <u>72</u>  |
| <b>Non-current assets</b> |  |                   |                     |                   |                     |            |
| 1600                      | Property, plant and equipment              | 6(6) and 8        | 1,121,440           | 27                | 739,433             | 25         |
| 1755                      | Right-of-use assets                        | 6(7)              | 16,275              | -                 | 16,282              | -          |
| 1780                      | Intangible assets                          |                   | 11,558              | -                 | 17,989              | 1          |
| 1840                      | Deferred income tax assets                 | 6(26)             | 22,979              | 1                 | 25,866              | 1          |
| 1900                      | Other non-current assets                   | 6(8) and 8        | 42,580              | 1                 | 40,298              | 1          |
| 15XX                      | <b>Total non-current assets</b>            |                   | <u>1,214,832</u>    | <u>29</u>         | <u>839,868</u>      | <u>28</u>  |
| 1XXX                      | <b>Total assets</b>                        |                   | <u>\$ 4,141,817</u> | <u>100</u>        | <u>\$ 2,970,646</u> | <u>100</u> |

(Continued)



SKYTECH INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity         | Notes   | December 31, 2023 |                     | December 31, 2022 |                     |            |
|--------------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
|                                |   | AMOUNT            | %                   | AMOUNT            | %                   |            |
| <b>Current liabilities</b>     |   |                   |                     |                   |                     |            |
| 2100                           | Short-term borrowings                           | 6(9)              | \$ 102,500          | 3                 | \$ 97,540           | 3          |
| 2130                           | Current contract liabilities                    | 6(19)             | 56,440              | 2                 | 232,571             | 8          |
| 2170                           | Accounts payable                                | 6(10)             | 221,700             | 5                 | 295,556             | 10         |
| 2200                           | Other payables                                  | 6(11)             | 109,226             | 3                 | 120,806             | 4          |
| 2230                           | Current income tax liabilities                  |                   | 48,872              | 1                 | 41,611              | 2          |
| 2250                           | Provisions for liabilities-current              | 6(15)             | 23,426              | 1                 | 9,615               | 1          |
| 2280                           | Current lease liabilities                       |                   | 10,185              | -                 | 8,611               | -          |
| 2320                           | Long-term liabilities, current portion          | 6(12)             | 13,119              | -                 | 7,700               | -          |
| 2399                           | Other current liabilities                       |                   | 6,598               | -                 | 3,595               | -          |
| 21XX                           | <b>Total current Liabilities</b>                |                   | <u>592,066</u>      | <u>15</u>         | <u>817,605</u>      | <u>28</u>  |
| <b>Non-current liabilities</b> |   |                   |                     |                   |                     |            |
| 2540                           | Long-term borrowings                            | 6(12)             | 392,145             | 9                 | 248,300             | 9          |
| 2550                           | Provisions for liabilities-non-current          | 6(15)             | 1,997               | -                 | 6,407               | -          |
| 2570                           | Deferred income tax liabilities                 | 6(26)             | 20,933              | 1                 | 34,161              | 1          |
| 2580                           | Non-current lease liabilities                   |                   | 7,074               | -                 | 8,881               | -          |
| 2600                           | Other non-current liabilities                   |                   | 2,184               | -                 | 5,797               | -          |
| 25XX                           | <b>Total non-current liabilities</b>            |                   | <u>424,333</u>      | <u>10</u>         | <u>303,546</u>      | <u>10</u>  |
| 2XXX                           | <b>Total Liabilities</b>                        |                   | <u>1,016,399</u>    | <u>25</u>         | <u>1,121,151</u>    | <u>38</u>  |
| <b>Equity</b>                  |   |                   |                     |                   |                     |            |
|                                | Share capital                                   | 6(16)             |                     |                   |                     |            |
| 3110                           | Common stock                                    |                   | 674,773             | 16                | 606,773             | 20         |
|                                | Capital surplus                                 | 6(17)             |                     |                   |                     |            |
| 3200                           | Capital surplus                                 |                   | 1,634,005           | 39                | 668,132             | 23         |
|                                | Retained earnings                               | 6(18)             |                     |                   |                     |            |
| 3310                           | Legal reserve                                   |                   | 72,384              | 2                 | 40,698              | 1          |
| 3350                           | Unappropriated retained earnings                |                   | 730,261             | 18                | 515,963             | 17         |
|                                | Other equity interest                           |                   |                     |                   |                     |            |
| 3400                           | Other equity interest                           |                   | 13,995              | -                 | 17,929              | 1          |
| 3XXX                           | <b>Total equity</b>                             |                   | <u>3,125,418</u>    | <u>75</u>         | <u>1,849,495</u>    | <u>62</u>  |
|                                | Significant events after the balance sheet date | 11                |                     |                   |                     |            |
| 3X2X                           | <b>Total liabilities and equity</b>             |                   | <u>\$ 4,141,817</u> | <u>100</u>        | <u>\$ 2,970,646</u> | <u>100</u> |

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

**SKYTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

| Items | Notes   | Year ended December 31 |                    |               |                    |               |
|-------|---|------------------------|--------------------|---------------|--------------------|---------------|
|       |   | 2023                   |                    | 2022          |                    |               |
|       |   | AMOUNT                 | %                  | AMOUNT        | %                  |               |
| 4000  | Operating revenue   | 6(19)                  | \$ 1,992,643       | 100           | \$ 1,815,477       | 100           |
| 5000  | Operating costs   | 6(4)(24)(25)           | ( 1,115,501)       | ( 56)         | ( 969,505)         | ( 53)         |
| 5900  | Gross profit  |                        | <u>877,142</u>     | <u>44</u>     | <u>845,972</u>     | <u>47</u>     |
|       | Operating expenses  | 6(24)(25)              |                    |               |                    |               |
| 6100  | Selling expenses  |                        | ( 159,257)         | ( 8)          | ( 123,567)         | ( 7)          |
| 6200  | General and administrative expenses   |                        | ( 193,606)         | ( 10)         | ( 167,437)         | ( 9)          |
| 6300  | Research and development expenses   |                        | ( 202,399)         | ( 10)         | ( 265,649)         | ( 15)         |
| 6450  | Expected credit impairment gain (loss)  | 12(2)                  | <u>759</u>         | <u>-</u>      | ( <u>976</u> )     | <u>-</u>      |
| 6000  | Total operating expenses  |                        | ( <u>554,503</u> ) | ( <u>28</u> ) | ( <u>557,629</u> ) | ( <u>31</u> ) |
| 6900  | Operating income  |                        | <u>322,639</u>     | <u>16</u>     | <u>288,343</u>     | <u>16</u>     |
|       | Non-operating income and expenses   |                        |                    |               |                    |               |
| 7100  | Interest income   | 6(20)                  | 9,009              | -             | 2,947              | -             |
| 7010  | Other income  | 6(21)                  | 38,671             | 2             | 43,177             | 2             |
| 7020  | Other gains and losses  | 6(22)                  | 2,581              | -             | 42,731             | 2             |
| 7050  | Finance costs   | 6(23)                  | ( 8,319)           | -             | ( 10,729)          | -             |
| 7000  | Total non-operating income and expenses   |                        | <u>41,942</u>      | <u>2</u>      | <u>78,126</u>      | <u>4</u>      |
| 7900  | <b>Profit before income tax</b>   |                        | <u>364,581</u>     | <u>18</u>     | <u>366,469</u>     | <u>20</u>     |
| 7950  | Income tax expense  | 6(26)                  | ( 57,920)          | ( 3)          | ( 49,607)          | ( 3)          |
| 8200  | <b>Profit for the year</b>  |                        | <u>\$ 306,661</u>  | <u>15</u>     | <u>\$ 316,862</u>  | <u>17</u>     |
|       | <b>Other comprehensive income</b>   |                        |                    |               |                    |               |
|       | <b>Components of other comprehensive income that will be reclassified to profit or loss</b> |                        |                    |               |                    |               |
| 8361  | Financial statements translation difference of foreign operations                           |                        | ( \$ 3,934)        | -             | \$ 13,135          | 1             |
| 8500  | <b>Total comprehensive income for the year</b>  |                        | <u>\$ 302,727</u>  | <u>15</u>     | <u>\$ 329,997</u>  | <u>18</u>     |
|       | Profit attributable to:   |                        |                    |               |                    |               |
| 8610  | Owners of the parent  |                        | <u>\$ 306,661</u>  | <u>15</u>     | <u>\$ 316,862</u>  | <u>17</u>     |
|       | Total comprehensive income attributable to:   |                        |                    |               |                    |               |
| 8710  | Owners of parent  |                        | <u>\$ 302,727</u>  | <u>15</u>     | <u>\$ 329,997</u>  | <u>18</u>     |
| 9750  | Basic earnings per share (in dollars)   | 6(27)                  | <u>\$ 5.02</u>     |               | <u>\$ 5.66</u>     |               |
| 9850  | Diluted earnings per share (in dollars)   | 6(27)                  | <u>\$ 5.01</u>     |               | <u>\$ 5.64</u>     |               |

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

**SKYTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes         | Equity attributable to owners of the parent |                 |               |                   |                                  | Total Equity |
|--|---------------|---|-----------------|---------------|-------------------|----------------------------------|--------------|
|  |               | Common Stock                                | Capital Surplus | Legal Reserve | Retained Earnings | Unappropriated Retained Earnings |              |
| <b>2022</b>  |               |   |                 |               |                   |                                  |              |
| Balance at January 1, 2022   |               | \$ 544,773                                  | \$ 269,981      | \$ 22,960     | \$ 216,839        | \$ 4,794                         | \$ 1,059,347 |
| Profit for the year  |               | -   | -               | -             | 316,862           | -                                | 316,862      |
| Other comprehensive income for the year  |               | -   | -               | -             | -                 | 13,135                           | 13,135       |
| Total comprehensive income for the year  |               | -   | -               | -             | 316,862           | 13,135                           | 329,997      |
| Appropriations and distributions of 2021 earnings:                                     | 6(18)         |   |                 |               |                   |                                  |              |
| Legal reserve appropriated   |               | -   | -               | 17,738        | ( 17,738)         | -                                | -            |
| Share-based payments   | 6(14)(17)(25) | -   | 161             | -             | -                 | -                                | 161          |
| Issuance of new share capital  | 6(16)(17)     | 62,000                                      | 398,000         | -             | -                 | -                                | 460,000      |
| Recognition of changes in ownership interest in subsidiary's non-controlling interests | 6(28)         | -   | ( 10)           | -             | -                 | -                                | ( 10)        |
| Balance at December 31, 2022   |               | \$ 606,773                                  | \$ 668,132      | \$ 40,698     | \$ 515,963        | \$ 17,929                        | \$ 1,849,495 |
| <b>2023</b>  |               |   |                 |               |                   |                                  |              |
| Balance at January 1, 2023   |               | \$ 606,773                                  | \$ 668,132      | \$ 40,698     | \$ 515,963        | \$ 17,929                        | \$ 1,849,495 |
| Profit for the year  |               | -   | -               | -             | 306,661           | -                                | 306,661      |
| Other comprehensive loss for the year  |               | -   | -               | -             | -                 | ( 3,934)                         | ( 3,934)     |
| Total comprehensive income (loss) for the year   |               | -   | -               | -             | 306,661           | ( 3,934)                         | 302,727      |
| Appropriations and distributions of 2022 earnings:                                     | 6(18)         |   |                 |               |                   |                                  |              |
| Legal reserve appropriated   |               | -   | -               | 31,686        | ( 31,686)         | -                                | -            |
| Cash dividends   |               | -   | -               | -             | ( 60,677)         | -                                | ( 60,677)    |
| Share-based payments   | 6(14)(17)(25) | -   | 4,305           | -             | -                 | -                                | 4,305        |
| Issuance of new share capital  | 6(16)(17)     | 68,000                                      | 961,568         | -             | -                 | -                                | 1,029,568    |
| Balance at December 31, 2023   |               | \$ 674,773                                  | \$ 1,634,005    | \$ 72,384     | \$ 730,261        | \$ 13,995                        | \$ 3,125,418 |

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

SKYTECH INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes       | Year ended December 31 |                |
|--|-------------|------------------------|----------------|
|  |             | 2023                   | 2022           |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                 |             |                        |                |
| Profit before tax  |             | \$ 364,581             | \$ 366,469     |
| Adjustments  |             |                        |                |
| Adjustments to reconcile profit (loss)                             |             |                        |                |
| Share-based payments   | 6(14)(25)   | 4,305                  | 161            |
| Depreciation   | 6(6)(7)(24) | 64,397                 | 60,562         |
| Amortisation   | 6(24)       | 7,811                  | 7,470          |
| Expected credit impairment (gain) loss                             | 12(2)       | ( 759 )                | 976            |
| Loss on financial liabilities at fair value through profit or loss | 6(22)       | -                      | ( 1,098 )      |
| Interest income  | 6(20)       | ( 9,009 )              | ( 2,947 )      |
| Interest expenses  | 6(23)       | 8,319                  | 10,729         |
| Gain (loss) on disposals of property, plant and equipment          | 6(22)       | ( 188 )                | 270            |
| Gain on disposals of right-of-use assets                           | 6(22)       | ( 20 )                 | ( 565 )        |
| Loss on disposals of intangible assets                             | 6(22)       | -                      | 520            |
| Dividends income   |             | ( 2 )                  | -              |
| Changes in operating assets and liabilities                        |             |                        |                |
| Changes in operating assets  |             |                        |                |
| Notes receivable   |             | ( 164,144 )            | 20,820         |
| Accounts receivable  |             | 129,360                | ( 162,814 )    |
| Finance lease receivable   |             | 1,680                  | 3,599          |
| Other receivables  |             | 11,616                 | ( 9,427 )      |
| Inventories  |             | ( 80,641 )             | ( 308,983 )    |
| Prepayments  |             | ( 3,142 )              | ( 41,325 )     |
| Other current assets   |             | ( 10 )                 | -              |
| Other financial assets   |             | ( 504 )                | -              |
| Changes in operating liabilities                                   |             |                        |                |
| Current contract liabilities                                       |             | ( 175,276 )            | 178,818        |
| Accounts payable   |             | ( 73,759 )             | 135,850        |
| Other payables   |             | ( 11,156 )             | 41,728         |
| Provisions for liabilities   |             | 9,562                  | 9,823          |
| Other current liabilities  |             | 3,028                  | ( 4,660 )      |
| Other non-current liabilities                                      |             | ( 4,776 )              | -              |
| Cash inflow generated from operations                              |             | 81,273                 | 305,976        |
| Interest received  |             | 9,257                  | 2,698          |
| Interest paid  |             | ( 8,233 )              | ( 10,907 )     |
| Income taxes refund received                                       |             | 15,486                 | -              |
| Income tax paid  |             | ( 52,296 )             | ( 24,710 )     |
| Dividends received   |             | 2                      | -              |
| Net cash flows from operating activities                           |             | <u>45,489</u>          | <u>273,057</u> |

(Continued)

**SKYTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes | Year ended December 31 |             |
|--|-------|------------------------|-------------|
|  |       | 2023                   | 2022        |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>               |       |                        |             |
| Increase in current financial assets at amortised cost           |       | ( \$ 200,000 )         | \$ -        |
| Acquisition of property, plant and equipment                     | 6(6)  | ( 498,637 )            | ( 51,056 )  |
| Proceeds from disposals of property, plant and equipment         |       | 640                    | -           |
| Acquisition of intangible assets                                 |       | ( 1,380 )              | ( 9,798 )   |
| Increase in refundable deposits                                  |       | ( 7,050 )              | ( 3,271 )   |
| Net cash flows used in investing activities                      |       | ( 706,427 )            | ( 64,125 )  |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>               |       |                        |             |
| Proceeds from short-term borrowings                              | 6(29) | 15,000                 | 57,000      |
| Repayments of short-term borrowings                              | 6(29) | ( 10,040 )             | -           |
| Repayments of bonds  | 6(29) | -                      | ( 26,520 )  |
| Proceeds from long-term borrowings                               | 6(29) | 303,996                | -           |
| Repayments of long-term borrowings                               | 6(29) | ( 154,732 )            | ( 438,468 ) |
| Proceeds from issuance of new share capital                      | 6(16) | 1,029,568              | 460,000     |
| Acquisition of investments accounted for using the equity method | 6(28) | -                      | ( 10 )      |
| Repayment of principal portion of lease liabilities              | 6(29) | ( 10,999 )             | ( 9,185 )   |
| Cash dividends paid  |       | ( 60,677 )             | -           |
| Increase in guarantee deposits                                   |       | 1,200                  | -           |
| Net cash flows from financing activities                         |       | 1,113,316              | 42,817      |
| Effect of foreign currency exchange                              |       | ( 1,182 )              | 1,951       |
| Net increase in cash and cash equivalents                        |       | 451,196                | 253,700     |
| Cash and cash equivalents at beginning of year                   | 6(1)  | 554,146                | 300,446     |
| Cash and cash equivalents at end of year                         | 6(1)  | \$ 1,005,342           | \$ 554,146  |

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Skytech Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Skytech Inc. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Skytech Inc. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of Skytech Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Skytech Inc.'s 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Skytech Inc.'s 2023 parent company only financial statements are stated as follows:

#### **Valuation of inventories**

##### Description

Refer to Note 4(10) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,143,104 thousand and NT\$73,912 thousand, respectively.

Skytech Inc. is primarily engaged in the producing, manufacturing and rendering maintenance services of semiconductor equipment and related spare parts. Due to the fluctuation of market demand and supply, it may result in the need for the assessment of inventory valuation loss. Skytech Inc. recognizes inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

1. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Validated the appropriateness of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period, and verified the effective aging date by examining the supporting documents.
3. Evaluated and confirmed the reasonableness of net realisable value for inventories through validating respective supporting documents and information.

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

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

In preparing the parent company only financial statements, management is responsible for assessing Skytech Inc.'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 Skytech Inc. 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 Skytech Inc.'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 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 Skytech Inc.'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 Skytech Inc.'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 Skytech Inc. 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 appropriate audit evidence regarding the financial information of the entities or business activities within Skytech Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only audit. We remain solely responsible for our audit opinion.

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

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

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

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Cheng, Ya-Huei

Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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

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

SKYTECH INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Assets                    | Notes   | December 31, 2023 |                     | December 31, 2022 |                     |            |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
|                           |   | AMOUNT            | %                   | AMOUNT            | %                   |            |
| <b>Current assets</b>     |   |                   |                     |                   |                     |            |
| 1100                      | Cash and cash equivalents                     | 6(1)              | \$ 801,952          | 20                | \$ 456,190          | 17         |
| 1136                      | Current financial assets at amortised cost    | 6(2)              | 200,000             | 5                 | -                   | -          |
| 1150                      | Notes receivable, net                         | 6(3)              | 161,646             | 4                 | 234                 | -          |
| 1170                      | Accounts receivable, net                      | 6(3)              | 196,914             | 5                 | 257,858             | 9          |
| 1180                      | Accounts receivable - related parties, net    | 6(3) and 7        | 143,435             | 3                 | 116,017             | 4          |
| 1197                      | Finance lease receivable, net                 | 6(9)              | 7,942               | -                 | 4,891               | -          |
| 1200                      | Other receivables                             |                   | 4,194               | -                 | 10,236              | -          |
| 1220                      | Current income tax assets                     |                   | -                   | -                 | 14,239              | 1          |
| 130X                      | Inventories                                   | 6(4)              | 1,069,192           | 26                | 906,307             | 33         |
| 1410                      | Prepayments                                   | 6(5)              | 63,936              | 2                 | 68,821              | 2          |
| 1470                      | Other current assets                          |                   | 10                  | -                 | -                   | -          |
| 11XX                      | <b>Total current assets</b>                   |                   | <u>2,649,221</u>    | <u>65</u>         | <u>1,834,793</u>    | <u>66</u>  |
| <b>Non-current assets</b> |   |                   |                     |                   |                     |            |
| 1550                      | Investments accounted for using equity method | 6(6)              | 313,390             | 8                 | 241,982             | 9          |
| 1600                      | Property, plant and equipment                 | 6(7) and 8        | 1,055,473           | 26                | 594,619             | 22         |
| 1755                      | Right-of-use assets                           | 6(8)              | 9,495               | -                 | 4,494               | -          |
| 1780                      | Intangible assets                             |                   | 11,548              | -                 | 17,956              | 1          |
| 1840                      | Deferred income tax assets                    | 6(27)             | 22,979              | -                 | 25,866              | 1          |
| 1900                      | Other non-current assets                      | 6(9) and 8        | 39,151              | 1                 | 40,248              | 1          |
| 15XX                      | <b>Total non-current assets</b>               |                   | <u>1,452,036</u>    | <u>35</u>         | <u>925,165</u>      | <u>34</u>  |
| 1XXX                      | <b>Total assets</b>                           |                   | <u>\$ 4,101,257</u> | <u>100</u>        | <u>\$ 2,759,958</u> | <u>100</u> |

(Continued)

SKYTECH INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity                          |  | Notes       | December 31, 2023   |            | December 31, 2022   |            |
|---|--|-------------|---------------------|------------|---------------------|------------|
|   |  |             | AMOUNT              | %          | AMOUNT              | %          |
| <b>Current liabilities</b>                      |  |             |                     |            |                     |            |
| 2100  | Short-term borrowings                  | 6(10)       | \$ 102,500          | 3          | \$ 97,540           | 4          |
| 2130  | Current contract liabilities           | 6(20)       | 40,465              | 1          | 89,341              | 3          |
| 2170  | Accounts payable                       | 6(11)       | 212,378             | 5          | 286,311             | 11         |
| 2180  | Accounts payable - related parties     | 6(11) and 7 | 47,013              | 1          | 4,820               | -          |
| 2200  | Other payables                         | 6(12)       | 72,864              | 2          | 96,627              | 4          |
| 2230  | Current income tax liabilities         |             | 44,371              | 1          | 37,763              | 1          |
| 2250  | Provisions for liabilities-current     | 6(16)       | 11,936              | -          | 8,750               | -          |
| 2280  | Current lease liabilities              |             | 4,163               | -          | 1,387               | -          |
| 2320  | Long-term liabilities, current portion | 6(13)       | 13,119              | 1          | 7,700               | -          |
| 2399  | Other current liabilities              |             | 5,410               | -          | 1,856               | -          |
| 21XX  | <b>Total current liabilities</b>       |             | <u>554,219</u>      | <u>14</u>  | <u>632,095</u>      | <u>23</u>  |
| <b>Non-current liabilities</b>                  |  |             |                     |            |                     |            |
| 2540  | Long-term borrowings                   | 6(13)       | 392,145             | 10         | 248,300             | 9          |
| 2550  | Provisions for liabilities-non-current | 6(16)       | 1,067               | -          | 4,675               | -          |
| 2570  | Deferred income tax liabilities        | 6(27)       | 20,933              | -          | 21,436              | 1          |
| 2580  | Non-current lease liabilities          |             | 5,555               | -          | 3,237               | -          |
| 2600  | Other non-current liabilities          |             | 1,920               | -          | 720                 | -          |
| 25XX  | <b>Total non-current liabilities</b>   |             | <u>421,620</u>      | <u>10</u>  | <u>278,368</u>      | <u>10</u>  |
| 2XXX  | <b>Total liabilities</b>               |             | <u>975,839</u>      | <u>24</u>  | <u>910,463</u>      | <u>33</u>  |
| <b>Equity</b>                                   |  |             |                     |            |                     |            |
| Share capital                                   |  | 6(17)       |                     |            |                     |            |
| 3110  | Common stock                           |             | 674,773             | 16         | 606,773             | 22         |
| Capital surplus                                 |  | 6(18)       |                     |            |                     |            |
| 3200  | Capital surplus                        |             | 1,634,005           | 40         | 668,132             | 24         |
| Retained earnings                               |  | 6(19)       |                     |            |                     |            |
| 3310  | Legal reserve                          |             | 72,384              | 2          | 40,698              | 1          |
| 3350  | Unappropriated retained earnings       |             | 730,261             | 18         | 515,963             | 19         |
| 3400  | Other equity interest                  |             | 13,995              | -          | 17,929              | 1          |
| 3XXX  | <b>Total equity</b>                    |             | <u>3,125,418</u>    | <u>76</u>  | <u>1,849,495</u>    | <u>67</u>  |
| Significant events after the balance sheet date |  | 11          |                     |            |                     |            |
| 3X2X  | <b>Total liabilities and equity</b>    |             | <u>\$ 4,101,257</u> | <u>100</u> | <u>\$ 2,759,958</u> | <u>100</u> |

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

SKYTECH INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

|      | Items  | Notes              | Year ended December 31 |       |              |       |
|------|--|--------------------|------------------------|-------|--------------|-------|
|      |  |                    | 2023                   |       | 2022         |       |
|      |  |                    | AMOUNT                 | %     | AMOUNT       | %     |
| 4000 | Operating revenue  | 6(20) and 7        | \$ 1,667,072           | 100   | \$ 1,741,090 | 100   |
| 5000 | Operating costs  | 6(4)(25)(26) and 7 | ( 947,957)             | ( 57) | ( 1,079,411) | ( 62) |
| 5900 | Gross profit   |                    | 719,115                | 43    | 661,679      | 38    |
| 5910 | Unrealised profit from sales   |                    | ( 18,240)              | ( 1)  | ( 52,504)    | ( 3)  |
| 5920 | Realised profit from sales   |                    | 49,595                 | 3     | 41,816       | 2     |
| 5950 | Net gross profit   |                    | 750,470                | 45    | 650,991      | 37    |
|      | Operating expenses   | 6(25)(26)          |                        |       |              |       |
| 6100 | Selling expenses   |                    | ( 90,671)              | ( 5)  | ( 79,492)    | ( 4)  |
| 6200 | General and administrative expenses  |                    | ( 158,367)             | ( 10) | ( 137,116)   | ( 8)  |
| 6300 | Research and development expenses  |                    | ( 186,118)             | ( 11) | ( 241,295)   | ( 14) |
| 6450 | Expected credit impairment gain (loss)   | 12(2)              | 582                    | -     | ( 371)       | -     |
| 6000 | Total operating expenses   |                    | ( 434,574)             | ( 26) | ( 458,274)   | ( 26) |
| 6900 | Operating income   |                    | 315,896                | 19    | 192,717      | 11    |
|      | Non-operating income and expenses  |                    |                        |       |              |       |
| 7100 | Interest income  | 6(21)              | 6,732                  | -     | 2,766        | -     |
| 7010 | Other income   | 6(22) and 7        | 32,191                 | 2     | 36,736       | 2     |
| 7020 | Other gains and losses   | 6(23)              | 9,320                  | 1     | 42,858       | 3     |
| 7050 | Finance costs  | 6(24)              | ( 7,802)               | -     | ( 9,463)     | ( 1)  |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6)               | 7,789                  | -     | 96,878       | 6     |
| 7000 | Total non-operating income and expenses  |                    | 48,230                 | 3     | 169,775      | 10    |
| 7900 | <b>Profit before income tax</b>  |                    | 364,126                | 22    | 362,492      | 21    |
| 7950 | Income tax expense   | 6(27)              | ( 57,465)              | ( 4)  | ( 45,630)    | ( 3)  |
| 8200 | <b>Profit for the year</b>   |                    | \$ 306,661             | 18    | \$ 316,862   | 18    |
|      | <b>Other comprehensive income</b>  |                    |                        |       |              |       |
|      | <b>Components of other comprehensive income that will be reclassified to profit or loss</b>      |                    |                        |       |              |       |
| 8361 | Financial statements translation difference of foreign operations                                | 6(6)               | ( \$ 3,934)            | -     | \$ 13,135    | 1     |
| 8500 | <b>Total comprehensive income for the year</b>   |                    | \$ 302,727             | 18    | \$ 329,997   | 19    |
| 9750 | Basic earnings per share(in dollars)   | 6(28)              | \$ 5.02                |       | \$ 5.66      |       |
| 9850 | Diluted earnings per share(in dollars)   | 6(28)              | \$ 5.01                |       | \$ 5.64      |       |

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

SKYTECH INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|   | Notes         | Common stock      | Capital Surplus     | Legal Reserve    | Retained Earnings<br>Unappropriated<br>Retained<br>Earnings | Financial<br>Statements<br>Translation<br>Differences of<br>Foreign<br>Operations | Total Equity        |
|---|---------------|-------------------|---------------------|------------------|---|---|---------------------|
| <u>2022</u>   |               |                   |                     |                  |   |   |                     |
| Balance at January 1, 2022  |               | \$ 544,773        | \$ 269,981          | \$ 22,960        | \$ 216,839  | \$ 4,794  | \$ 1,059,347        |
| Profit for the year   |               | -                 | -                   | -                | 316,862   | -   | 316,862             |
| Other comprehensive income for the year   |               | -                 | -                   | -                | -   | 13,135  | 13,135              |
| Total comprehensive income for the year   |               | -                 | -                   | -                | 316,862   | 13,135  | 329,997             |
| Appropriations and distribution of 2021 earnings:                                       | 6(19)         |                   |                     |                  |   |   |                     |
| Legal reserve appropriated  |               | -                 | -                   | 17,738           | ( 17,738)   | -   | -                   |
| Share-based payments  | 6(15)(18)(26) | -                 | 161                 | -                | -   | -   | 161                 |
| Issuance of new share capital   | 6(15)(17)(18) | 62,000            | 398,000             | -                | -   | -   | 460,000             |
| Recognition of changes in ownership interests in subsidiary's non-controlling interests | 6(18)         | -                 | ( 10)               | -                | -   | -   | ( 10)               |
| Balance at December 31, 2022  |               | <u>\$ 606,773</u> | <u>\$ 668,132</u>   | <u>\$ 40,698</u> | <u>\$ 515,963</u>   | <u>\$ 17,929</u>  | <u>\$ 1,849,495</u> |
| <u>2023</u>   |               |                   |                     |                  |   |   |                     |
| Balance at January 1, 2023  |               | \$ 606,773        | \$ 668,132          | \$ 40,698        | \$ 515,963  | \$ 17,929   | \$ 1,849,495        |
| Profit for the year   |               | -                 | -                   | -                | 306,661   | -   | 306,661             |
| Other comprehensive loss for the year   |               | -                 | -                   | -                | -   | ( 3,934)  | ( 3,934)            |
| Total comprehensive income (loss) for the year  |               | -                 | -                   | -                | 306,661   | ( 3,934)  | 302,727             |
| Appropriations and distribution of 2022 earnings:                                       | 6(19)         |                   |                     |                  |   |   |                     |
| Legal reserve appropriated  |               | -                 | -                   | 31,686           | ( 31,686)   | -   | -                   |
| Cash dividends  |               | -                 | -                   | -                | ( 60,677)   | -   | ( 60,677)           |
| Share-based payments  | 6(15)(18)(26) | -                 | 4,305               | -                | -   | -   | 4,305               |
| Issuance of new share capital   | 6(15)(17)(18) | 68,000            | 961,568             | -                | -   | -   | 1,029,568           |
| Balance at December 31, 2023  |               | <u>\$ 674,773</u> | <u>\$ 1,634,005</u> | <u>\$ 72,384</u> | <u>\$ 730,261</u>   | <u>\$ 13,995</u>  | <u>\$ 3,125,418</u> |

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

SKYTECH INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes       | Year ended December 31 |             |
|--|-------------|------------------------|-------------|
|  |             | 2023                   | 2022        |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>   |             |                        |             |
| Profit before tax  |             | \$ 364,126             | \$ 362,492  |
| Adjustments  |             |                        |             |
| Adjustments to reconcile profit (loss)   |             |                        |             |
| Share-based payments   | 6(15)(26)   | 4,305                  | 161         |
| Depreciation   | 6(6)(7)(25) | 40,234                 | 29,726      |
| Amortisation   | 6(25)       | 7,780                  | 7,427       |
| Expected credit impairment (gain) loss   | 12(2)       | ( 582 )                | 371         |
| Loss on financial liabilities at fair value through profit or loss                               | 6(23)       | -                      | ( 1,098 )   |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6)        | ( 7,789 )              | ( 96,878 )  |
| Interest income  | 6(21)       | ( 6,732 )              | ( 2,766 )   |
| Interest expenses  | 6(24)       | 7,802                  | 9,463       |
| Loss on disposals of property, plant and equipment   | 6(23)       | -                      | 270         |
| Gain on disposals of right-of-use assets   | 6(23)       | ( 20 )                 | ( 565 )     |
| Loss on disposal of intangible assets  | 6(23)       | -                      | 520         |
| Dividends income   |             | ( 2 )                  | -           |
| Changes in operating assets and liabilities  |             |                        |             |
| Changes in operating assets  |             |                        |             |
| Notes receivable   |             | ( 161,412 )            | 1,450       |
| Accounts receivable  |             | 61,526                 | ( 26,535 )  |
| Accounts receivable - related parties  |             | ( 27,418 )             | ( 74,877 )  |
| Finance lease receivable   |             | 1,680                  | 3,599       |
| Other receivables  |             | 5,806                  | ( 9,796 )   |
| Inventories  |             | ( 217,592 )            | ( 170,668 ) |
| Prepayments  |             | 4,885                  | ( 24,534 )  |
| Other current assets   |             | ( 10 )                 | -           |
| Changes in operating liabilities   |             |                        |             |
| Current contract liabilities   |             | ( 48,876 )             | 62,315      |
| Accounts payable   |             | ( 73,933 )             | 134,509     |
| Accounts payable - related parties   |             | 42,193                 | 631         |
| Other payables   |             | ( 23,850 )             | 32,238      |
| Provisions for liabilities   |             | ( 422 )                | 8,831       |
| Other current liabilities  |             | 3,554                  | ( 1,576 )   |
| Cash (outflow) inflow generated from operations  |             | ( 24,747 )             | 244,710     |
| Interest received  |             | 6,968                  | 2,518       |
| Interest paid  |             | ( 7,715 )              | ( 9,641 )   |
| Income taxes paid  |             | ( 48,453 )             | ( 21,017 )  |
| Income taxes refund received   |             | 14,219                 | -           |
| Dividends received   |             | 2                      | -           |
| Net cash flows (used in) from operating activities   |             | ( 59,726 )             | 216,570     |

(Continued)



SKYTECH INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes | Year ended December 31 |             |
|--|-------|------------------------|-------------|
|  |       | 2023                   | 2022        |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>                      |       |                        |             |
| Increase in current financial assets at amortised cost           |       | ( \$ 200,000 )         | \$ -        |
| Acquisition of property, plant and equipment                     | 6(7)  | ( 490,349 )            | ( 47,223 )  |
| Acquisition of intangible assets                                 |       | ( 1,372 )              | ( 9,790 )   |
| Increase in refundable deposits                                  |       | ( 3,634 )              | ( 3,220 )   |
| Acquisition of investments accounted for using the equity method |       | ( 20,000 )             | -           |
| Net cash flows used in investing activities                      |       | ( 715,355 )            | ( 60,233 )  |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>                      |       |                        |             |
| Proceeds from short-term borrowings                              | 6(29) | 15,000                 | 57,000      |
| Repayments of short-term borrowings                              | 6(29) | ( 10,040 )             | ( 438,468 ) |
| Proceeds from long-term borrowings                               | 6(29) | 303,996                | -           |
| Repayments of long-term borrowings                               | 6(29) | ( 154,732 )            | -           |
| Proceeds from issuance of new share capital                      | 6(17) | 1,029,568              | 460,000     |
| Repayment of principal portion of lease liabilities              | 6(29) | ( 3,472 )              | ( 2,276 )   |
| Cash dividends paid  |       | ( 60,677 )             | -           |
| Acquisition of investment accounted for using the equity method  | 6(6)  | -                      | ( 10 )      |
| Increase in guarantee deposits                                   |       | 1,200                  | -           |
| Net cash flows from financing activities                         |       | 1,120,843              | 76,246      |
| Net increase in cash and cash equivalents                        |       | 345,762                | 232,583     |
| Cash and cash equivalents at beginning of year                   | 6(1)  | 456,190                | 223,607     |
| Cash and cash equivalents at end of year                         | 6(1)  | \$ 801,952             | \$ 456,190  |

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

**Earnings Distribution Proposal of  
2023**

| Item  | Amount                | Note              |
|---|-----------------------|-------------------|
| <b>Unappropriated retained earnings at January 1, 2023</b>                      | \$ 423,599,699        |                   |
| Plus: Net Income of 2023  | 306,661,030           |                   |
| Less: Appropriation of legal reserve  | (30,666,103)          |                   |
| <b>Retained earnings available for distribution as of<br/>December 31, 2023</b> | <b>699,594,626</b>    |                   |
| Distribution Item:  |                       |                   |
| Cash dividends to common shareholders   | (134,954,526)         | (NT\$2 per share) |
| <b>Unappropriated retained earnings at December 31, 2023</b>                    | <b>\$ 564,640,100</b> |                   |

Note :

Where the Company has a net profit after tax for the period after settling the annual accounts, the accumulated loss shall be compensated first, and then provide 10 percent as the legal reserve pursuant to laws. However, where the legal reserve has reached the paid-in capital, the provision may be suspended. Next the special reserve may be provided or reversed based on the laws or business needs. Shall there be any remaining, with the beginning undistributed earnings, the board of directors may propose the earning distribution, and submit such to the shareholders' meeting for resolving the shareholders' dividends and bonus.

Where the dividends and bonus said in the preceding paragraph are paid with all or part of the capital reserve or legal reserve, the board of directors is authorized to adopt the resolution made by the majority of the attending directors in a board meeting attending by two-third or more of directors, and report such to the shareholders' meeting. If this is done by issuing new shares, the resolution of the shareholders' meeting is required.

The Company's dividend distribution policy shall depend on the current and future investment environment, capital needs, domestic and international competitions, and capital budgets of the Company, while considering the long-term financial planning of the Company. The total amount of the shareholders' dividends and bonus distributed shall not be lower than 10 percent of the balance of the net profit after tax for then-current year deducting the reserve provided pursuant to laws. However, where the distributable amount per share is lower than NT\$0.1 after the net profit after tax for then-current year deducting the reserve provided pursuant to laws, the earning may be exempted from distribution. The shareholders' dividends and bonus may be distributed in cash or shares, and the cash dividends shall not be lower than 10 percent of the total amount of dividends.

As of December 31, 2023, the number of the Company's outstanding shares entitled to participate in distribution is 67,477,263 shares.

Chairman: Paul Huang

President: Paul Huang

Accounting Officer: Rick Chang

## Skytech INC.

### Rules and Processes of 2024 Restricted Stocks Issuance

#### 1. The Purpose of Issuance

In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders, the company plans to issue restricted stocks in accordance with the relevant provisions of Article 267 of Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”.

#### 2. Issuance period:

The declaration shall be processed once or many times within one year from the date of the resolution of the shareholders' meeting. The shares could be issued once or many times within two years from the arrival of the approval notice of from the Financial Supervision and Administration Commission (hereinafter referred to as the competent authority). The actual date of issue is determined by the chairman.

#### 3. Qualification requirements for employees and a grant amount:

- (1) Restrictions on employee rights: The new shares are limited to full time employees of the companies controlled or subordinated who have joined the Company on the date of issuance, in accordance with the standards of the Financial Supervisory Commission's (Taiwan) No. 1070121068 dated December 27,2018.
- (2) The actual numbers of new shares that can be granted to employees are based on the consideration of overall contribution, special merit or other factors, and the company's operational needs and business development strategy, proposed by chairman and approved by the board of directors. Shares granted to executives and directors with employee capacity are required to be approved by the salary and compensation committee and the board of directors. For individuals who are not executive managers, approval from the Audit Committee is required before issuance.
- (3) The upper limit to issue to a single employee should follow the rules defined in Regulations Governing the Offering and Issuance of Securities by Securities Issuers. Once the rules or regulations are updated, the upper limit shall follow thereafter.

#### 4. Total issuance amount: NTD2,000,000 at par value NTD10 per share. Total shares of issuance: 200,000 common shares.

#### 5. Conditions of Restricted Stock Awards vested and restrictions of the rights to these shares:

- (1) Issue price: Grants will be made free of charge
- (2) Type: The shares issued and granted to employees are common stock of the company , and their rights and obligations are the same as those of other outstanding common stocks , except as otherwise specified in the issuance method.
- (3) Vesting conditions:
 

From the date when employees are granted restricted stock units, they have to fulfill the service code(annual performance rating of 3 or above), and should not violate the company's labor contract, etc. The proportions of shares that can be separated from the vested conditions are as follows:

  - i. Maturity of one year: 20% of the allotted shares.
  - ii. Maturity of 2 years: 30% of the allotted shares.
  - iii. Maturity of 3 years: 50% of the allotted shares.
- (4) Treatment to shares could not meet the vesting conditions:
 

In the event that the acquired conditions are not met, the allocated shares will be reclaimed by

- the company without charge and cancelled.
- (5) Processes to employee resignation, retirement, disability due to occupational accidents, death or natural causes of death, job reassignment, and suspension of employment without pay:
- i. Employees who voluntarily resign, leave without pay, retire, are terminated or lay off : If there are new shares with restricted employee rights that do not meet the vested conditions, the company will be reclaimed by the company without charge and cancelled on the date of occurrence of the fact.
  - ii. Persons with disabilities or deaths due to duty and job execution or natural causes of death:
    - (i) Persons with disabilities due to job execution who are unable to continue their duties, all the granted shares shall be deemed to have fulfilled all vested conditions.
    - (ii) Persons with deaths due to duty and job execution or natural causes of death, all the granted shares shall be deemed to have fulfilled all vested conditions. For the deceased, the heirs shall complete the statutory necessary procedures and provide relevant supporting documents to be able to apply for the shares they should inherit.
  - iii. Job reassignment :
 

For the purpose of the Company's operation, if an employee of the Company is required by the Company and approved to be transferred to an affiliate of the Company, the Chairman of the Board of Directors or his authorized executive may approve the proportion and time limit for the employee to meet the acquired conditions within the scope of the time schedule specified in Paragraph (3) of Article 5 of these Regulations.
- (6) Before the vested conditions are fulfilled, if the employee terminates or dissolves the company's agency authorization in violation of the provisions of Paragraph (8) of this article, the company will be reclaimed by the company without charge and cancelled.
- (7) Restrictions on shares before vesting conditions :
- i. Except for inheritance, before the vested conditions stipulated in the preceding article are fulfilled, employees shall not be allowed to sell, pledge, transfer, gift to others, set, or dispose.
  - ii. Before the shares vested, have the right to participate in cash capital increase and the dividends in share or in cash could be allotted to employees, not subject to the restrictions of the vested period.
  - iii. The new shares issued before vested, the attendance, proposal, speech, voting and voting rights in the shareholders' meeting shall be entrusted to the trust institution/custodian to exercise.
  - iv. After the issuance of new shares with restricted employee rights, they shall be immediately delivered to trust/custody and employees shall not request the trustee to return the restricted employee rights new shares for any reason or by any means until the vested conditions have been met.
  - v. During the vesting period, where the Company decreases the capital due to any non-statutory capital decrease, such as the capital decrease in cash, the capital decrease for offsetting losses, the Restricted Stock Awards shall decrease proportionally based on the capital decrease percentage. The cash refunded due to the capital decrease in cash shall be trusted, and refunded to employees without interest when the vesting conditions are met; provided, where the vesting conditions are not met, the Company will retrieve such cash.
- (8) Other agreed matters :
- New shares issued by the company that restrict the rights of employees are handled in the form of stock trust custody, and the company or a person designated by the company acts as an agent on behalf of all assigned employees trust affairs.

6. Confidentiality :

After being allocated new restricted shares in accordance with these measures, employees shall strictly follow company's confidentiality regulations, and shall not inquire about others or disclose the personal content and quantity of the granted shares. The company has the right to reclaim without charge and cancelled that have not yet achieved the vesting conditions when employees violate the confidentiality rules.

7. Other important matters :

- (1) The Procedures take effect reporting to the competent authority upon the approval of the board meeting and reported to the shareholders' meeting. Later on, where any amendment is required ( It is mentioned before it does not affect the content of the resolution of the shareholders' meeting) due to any amendment to laws and regulations, requirements of the competent authority for reviewing, among other reasons, the chairman is authorized to amend the Procedures, and the issuance is only to be made after being submitted to the board of directors for ratification.
  - (2) If there are any unresolved matters in these measures, unless otherwise provided by laws and regulations, the board of directors or its authorized persons shall be authorized to amend or implement them in accordance with relevant laws and regulations.
- These regulations were established on February 23, 2023.

## **Rules of Procedure for Shareholders Meetings**

### Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

This rule is subject to revision under the responsibility of the General Manager's Office.

### Article 2

(Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

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

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

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

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

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

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

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

### Article 3

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

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

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

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

#### Article 4

(Principles determining the time and place of a shareholders meeting)

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

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

#### Article 5

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

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

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.



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

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

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

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

## Article 6

(The chair and non-voting participants of a shareholders meeting)

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

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

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

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

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

## Article 7

(Documentation of a shareholders meeting by audio or video)

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

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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

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

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

## Article 8

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

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

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

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

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

## Article 9

(Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting

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

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

## Article 10

### (Shareholder speech)

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

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

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

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

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

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

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

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

## Article 11

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

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

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

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

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

## Article 12

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

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

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

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

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

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

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

## Article 13

(Election of directors and supervisors)

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a

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

#### Article 14

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

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

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

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

#### Article 15

(Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

## Article 16

(Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

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

## Article 17

(Recess and resumption of a shareholders meeting)

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

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

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

## Article 18

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

This rule was established on July 22nd, 2022.

## Articles of Incorporation

### Chapter One General Principles

Article 1: The Company is incorporated pursuant to the Company Act, under the name “天虹科技股份有限公司” or “Skytech Inc, ” in English.

Article 2: The Company operates the following businesses:

|    |         |  |
|----|---------|--|
| 01 | F119010 | Wholesale of Electronic Materials  |
| 02 | E603050 | Automatic Control Equipment Engineering  |
| 03 | F113030 | Wholesale of Precision Instruments   |
| 04 | E604010 | Machinery Installation   |
| 05 | CB01010 | Mechanical Equipment Manufacturing   |
| 06 | CC01080 | Electronics Components Manufacturing   |
| 07 | EZ05010 | Instrument and Meters Installation Engineering   |
| 08 | F113010 | Wholesale of Machinery   |
| 09 | F213080 | Retail Sale of Machinery and Tools   |
| 10 | F219010 | Retail Sale of Electronic Materials  |
| 11 | F401010 | International Trade  |
| 12 | I103060 | Management Consulting  |
| 13 | I301010 | Information Software Services  |
| 14 | F107200 | Wholesale of Chemical Feedstock  |
| 15 | F107990 | Wholesale of Other Chemical Products   |
| 16 | F207200 | Retail Sale of Chemical Feedstock  |
| 17 | F207990 | Retail Sale of Other Chemical Products   |
| 18 | ZZ99999 | All business activities that are not prohibited or restricted by law, except those that are subject to special approval. |

Article 3: Company headquarters is in Hsinchu County, and if necessary, branches may be established both domestically or internationally upon resolution by the board of directors. Article 4: The Company makes announcements in the manner specified in Article 28 of the Company Act..

Article 4-1: The Company may make guarantees to external parties, in compliance with Company “Regulations Making of Endorsements/Guarantees.”

Article 4-2: The upper limit of Company reinvestment is not subject to 40 percent of the paid-in capital, the normal limit specified in Article 13 of the Company Act.

### Chapter Two Shares

Article 5: The Company’s capital is NT\$1,000,000,000, divided into 100,000,000 shares, for NT\$10 per share; the board of directors is authorized to issue shares in batches.

Where the Company execute the employee treasury shares, employee warrants, or new shares to be subscribed by employees, restricted new employee shares, and employee remuneration, the eligible receivers may include the employees of the companies controlled or subordinated to the Company meeting certain qualifications which are determined by the board of directors.

Article 6: Deleted

Article 7: All the shares of the Company are registered, and signed or sealed by the directors representing the Company, and attested by the banks qualified as attestors for share issuance pursuant to laws before the issuance. The shares issued by the Company may be exempted from printing, but shall be registered with the centralized securities depository enterprise.



Article 8: Changes to the records in the shareholder roster are suspended since 60 days prior to the regular shareholders' meeting, 30 days prior to the special shareholders' meeting, or five days prior to base dates when the Company decides to distribute dividends, bonuses, or other interests.

Article 8-1: Unless the laws and the competent authority of securities stipulates otherwise, the Company handle its shareholder services pursuant to the "Regulations Governing the Administration of Shareholder Services of Public Companies."

#### Chapter Three Shareholders' Meetings

Article 9: Shareholders' meeting shall be of two kinds. The regular meetings are held by the board of directors within six months after close of each fiscal year. The special meeting of shareholders are held when necessary.

Unless the Company Act provided otherwise, the shareholders shall be convened by the board of directors. The notice of shareholders' meeting shall specify the meeting date, location, and reason of convening; by obtaining a prior consent from the recipient(s) thereof, the notice may, be given by means of electronic transmission.

The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

The chairperson of the board of directors chairs shareholders' meetings. In case the chairperson is on leave or absent or can not exercise his power and authority for any cause, one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting on his/her behalf.

Article 10: A shareholder, if unable to attend a shareholders' meeting, may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy, with his/her/its signature or seal.

To appoint proxies and use power of attorney, other than Article 177 of the Company Act, the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" shall also be complied with.

Article 11: Unless the laws provided otherwise, each shareholder owns one voting right for each share held; however, this is not applicable if the voting right is restricted, or these who have no voting right, as specified in Article 179 of the Company Act. After the Company applies to registered in the emerging stock market, or becomes listed in TWSE or TPEX, the electronic means shall be listed as one of the way to exercise voting rights by shareholders.

Article 12: The resolutions of the shareholders' meeting, unless provided otherwise, shall be approved by the shareholders representing the majority of the attending voting rights in a shareholders' meeting attended by shareholders representing majority of the issued shares. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting. The related matters shall comply with the laws.

Article 13: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission.

Article 13-1: In case the Company to withdraw its public offering, the related provisions of the Company Act shall be complied with.

#### Chapter Four Board of Directors and Audit Committee

Article 14: The Company established seven to nine directors, with three-year term of office, and elected from these competent persons by a shareholders' meeting. The directors may be re-elected and re-appointed. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

The elections of the Company's directors shall adopt the candidate nomination system. At least three independent directors, and no fewer than one-fifth of all director seats, shall be elected. For the professional qualifications, shareholdings, restrictions of concurrent positions, nomination and election method, as well as other matters to be complied with, the regulations of the securities competent authority shall be observed.

Article 14-1: The Company establishes the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, and the Audit Committee execute the powers of supervisors specified in the Company Act, the Securities and Exchange Act, and other related laws.

The Audit Committee shall be composed by all independent directors who are no fewer than three. One of them serves as the convener, and at least one of them shall have the expertise of accounting or finance. The resolutions of the Audit Committee shall be approved by the majority of all members.

Article 14-2: The Company may establish functional committees under the board of directors; their establishment and powers shall comply with the regulations promulgated by the competent authorities.

Article 15: The board of directors is organized by directors; the chairperson is elected by the majority of attending directors in the meeting attending by two-third or more directors. The chairperson represents the Company externally. The Company may elect the vice chairman in the same manner.

Article 16: In case the chairperson is on leave or absent or can not exercise his power and authority for any cause, his/her deputy shall comply with Article 208 of the Company Act.

Unless the Company Act provided otherwise, the resolutions of the board of directors shall be approved by the majority of the attending directors in a board meeting by the majority of the directors. In case a director is absent from a board meeting for any cause, he/she may appoint a director as his/her proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. One proxy may only be appointed by one director. In case a board meeting is proceeded via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. Board meetings may be convened in the manners of writing, e-mail, or fax.

Article 17: Regardless operating profit or loss, the remunerations of all directors will be paid. The board of directors is authorized to determine such remunerations, based on their involvement in the Company's operations and the value of their contributions, while referring to the level in the domestic and foreign industries, to pay the remunerations at the common level of the peers.

During the directors' terms of office, the Company may insure them for their statutory liabilities within the scope of their execution of business, pursuant to Article 193-1, and report to the soonest board meeting.

#### Chapter Five Managerial Officers

Article 18: The Company may assign several presidents and vice presidents. Their appointment, discharge, and remunerations shall comply with Article 29 of the Company Act

#### Chapter Six Accounting

Article 19: At the end of each fiscal year, the board of directors shall prepare (I) business report (II) financial statements, and (III) statement of earning distribution or deficit compensation, among various statements and books, and submit such to the regular shareholder meetings for ratification pursuant to laws.

Article 20: Deleted.

Article 21: Where the Company makes a profit for a year, no less than 1 percent may be provided as the employee remuneration, and the board of directors resolve to distribute the remunerations in shares or cash. The Company may also, from the aforesaid profit, provide no more than 2 percent as the director remuneration.

The proposal of distributing employee and director remunerations shall be submitted to the shareholders' meetings to report first.

However, where the Company still has accumulated loss, the amount to compensate such loss shall be set aside, before provide the employee and director remunerations at the ratios said in the preceding paragraph.

Article 21-1: Where the Company has a net profit after tax for the period after settling the annual accounts, the

accumulated loss shall be compensated first, and then provide 10 percent as the legal reserve pursuant to laws. However, where the legal reserve has reached the paid-in capital, the provision may be suspended. Next the special reserve may be provided or reversed based on the laws or business needs. Shall there be any remaining, with the beginning undistributed earnings, the board of directors may propose the earning distribution, and submit such to the shareholders' meeting for resolving the shareholders' dividends and bonus.

Where the dividends and bonus said in the preceding paragraph are paid with all or part of the capital reserve or legal reserve, the board of directors is authorized to adopt the resolution made by the majority of the attending directors in a board meeting attending by two-third or more of directors, and report such to the shareholders' meeting. If this is done by issuing new shares, the resolution of the shareholders' meeting is required.

The Company's dividend distribution policy shall depend on the current and future investment environment, capital needs, domestic and international competitions, and capital budgets of the Company, while considering the long-term financial planning of the Company. The total amount of the shareholders' dividends and bonus distributed shall not be lower than 10 percent of the balance of the net profit after tax for then-current year deducting the reserve provided pursuant to laws. However, where the distributable amount per share is lower than NT\$0.1 after the net profit after tax for then-current year deducting the reserve provided pursuant to laws, the earning may be exempted from distribution. The shareholders' dividends and bonus may be distributed in cash or shares, and the cash dividends shall not be lower than 10 percent of the total amount of dividends.

#### Chapter Seven By-Laws

Article 22: Anything not mentioned in the Articles shall comply with the Company Act.

Article 23: The Articles were established on July 16, 2002.

The 1st amendment was made on May 1, 2004.

The 2nd amendment was made on June 28, 2005.

The 3rd amendment was made on November 20, 2005.

The 4th amendment was made on November 1, 2014.

The 5th amendment was made on July 20, 2015.

The 6th amendment was made on April 28, 2016.

The 7th amendment was made on March 10, 2017.

The 8th amendment was made on May 15, 2017.

The 9th amendment was made on June 21, 2017.

The 10th amendment was made on October 16, 2017.

The 11th amendment was made on April 5, 2018.

The 12th amendment was made on December 2, 2020.

The 13th amendment was made on January 15, 2021.

The 14th amendment was made on February 2, 2021.

The 15th amendment was made on March 18, 2021.

The 16th amendment was made on May 10th, 2021.

The 17th amendment was made on July 22, 2022.

The 18th amendment was made on March 3, 2023.

The 19th amendment was made on June 29, 2023.

## **Rules of Procedure for Board of Directors Meetings(Before Revisions)**

### Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

### Article 2

With respect to the board of directors meetings ("board meetings") of this Corporation shall be handled in accordance with the provisions of these Rules, except where otherwise specified by laws or the company's articles of incorporation.

### Article 3

The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

### Article 4

The designated unit responsible for the board meetings of this Corporation shall be General Manager's Office .

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

### Article 5

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

#### Article 6

A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

#### Article 7

The Board of Directors of the Company is convened by the Chairman of the Board of Directors and chaired by the Chairman of the Board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

#### Article 8

When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

#### Article 9

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

#### Article 10

Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
  - A. Minutes of the last meeting and action taken.
  - B. Important financial and business matters.
  - C. Internal audit activities.
  - D. Other important matters to be reported.
2. Matters for discussion:
  - A. Items for continued discussion from the last meeting.
  - B. Items for discussion at this meeting.
3. Extraordinary motions.

#### Article 11

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the

meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

#### Article 12

The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
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, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. Appointment or Removal of Chairman of the Board.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated

retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

#### Article 13

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

#### Article 14

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put



to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

#### Article 15

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply *mutatis mutandis* in accordance with Article 206, paragraph 3 of the same Act.

#### Article 16

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that

is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

Article 17

With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Corporation's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific, and in matters involving significant corporate interests, decisions should still be made through resolutions of the board of directors.

Article 18

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

This procedure was established on June 9th, 2022.

This procedure was revised on January 6th, 2023.

This procedure was revised on December 14th, 2023.

## Appendix 4

### Shareholdings of All Directors

1. As of April 2, 2024, the total amount of issued shares of the Company is 67,477,263 shares.
2. Pursuant to Article 26 of the Securities and Exchange Act and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the total shareholding of all directors shall not be less than 8.0% of the total issued shares, i.e., 5,398,181 shares.
3. The Company has established Audit Committee, and therefore the minimum shareholding requirements for supervisors do not apply.
4. The number of shares held by individual and all directors are listed as follows summarized from the shareholders' register on the date of suspension of transfer .

Record date: April 2 , 2024

| Title                          | Name   | Number of shares held at present | Percentage of issued shares |
|--------------------------------|--|----------------------------------|-----------------------------|
| Chairman                       | Paul Huang   | 2,176,399                        | 3.23%                       |
| Director                       | George Yi  | 1,434,552                        | 2.13%                       |
| Director                       | Wealthwave International Investment Co., Ltd.<br>Representative : Pei-Yu LIN | 3,948,904                        | 5.85%                       |
| Director                       | Jing-Shu Huang   | 0                                | 0%                          |
| Independent Director           | Bai-Da Shr   | 0                                | 0%                          |
| Independent Director           | Du-Cheng Li  | 0                                | 0%                          |
| Independent Director           | Chuen-Hung Tsai  | 0                                | 0%                          |
| Independent Director           | Ji-Ye Miao   | 0                                | 0%                          |
| Shareholdings of All Directors |  | 7,559,855                        | 11.20%                      |

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