



BenQ  
Materials Corp

TWSE  
8215

# 2023

## Annual General Shareholders' Meeting Agenda



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# BenQ Materials Corporation 2023 Annual Shareholders' Meeting

**Meeting Time: 9:00 a.m. on Wednesday, May 31, 2023**

**Venue: Chuto Plaze Hotel (No. 398, Taoying Rd., Taoyuan Dist., Taoyuan City, Taiwan.)**

**Convening Method: Visual communication assisted Shareholders' Meeting (physical Shareholders' Meeting with visual communication assistance).**

**e-Meeting Platform: "E-Voting platform" by Taiwan Depository & Clearing Corporation**

**(<https://www.stockvote.com.tw>)**

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## I. Report Items:

### (I) 2022 Annual Business Report

In 2022, the consolidated operating income of BenQ Materials amounted to NT\$ 15.5 billion, with a net profit after tax of NT\$ 1.295 billion and earnings after tax of NT\$ 4.04 per share. This year, under the treacherous international political and economic situation, the pandemic in various countries has subsided, and the increasing demand has led to rises in raw materials and inflation. In the face of industrial changes, the Company has actively improved its systems, revitalized its assets, completed the disposal of idle lands and plants in Suzhou and Ruifang District, and improved the fund use efficiency of the Company to cope with the necessary investment in its future transformation.

In terms of display materials, in the face of industrial changes where permanent changes will take place in the display ecological structure in the future, the team continues to deepen the partnership between clients and strategic suppliers, break through technical barriers, and pursue high-value and differentiation. This year, the medical industry has ushered in a rare and valuable resurgence, where consumer medical products have fully recovered in Southeast Asia, Taiwan, and even mainland China markets. In terms of professional medical care, in addition to the rapid developments in overseas sales, Anscare has also deeply cultivated in Taiwan's medical industry, constantly constructing sales networks of hospitals and clinics, directly communicating with front-line medical personnel, and bringing more innovation and services to medical professionals and patients. BenQ Materials was awarded the "Industry Contribution Award" this year by the "Chinese Taipei Society for Biomaterials and Controlled Releases", the largest academic group in Taiwan for biomaterials and controlled releases, boosts our confidence in meeting challenges and constantly improving in the biomedicine sector.

In the meantime, through the investment in Web-Pro Corporation in 2022, BenQ Materials acquired Web-Pro Corporation, officially setting foot in hygiene supplies while expanding its ratio in the sector of medical materials. Web-Pro Corporation has sound innovative thinking, solid manufacturing, quality control process, and firm client relationships. With Web-Pro's incorporation, it is believed that both parties will be further strengthened in the core R&D and manufacturing of hygiene supplies and medical materials, with product lines expanded, and the overseas business kept evolving, bringing refreshing technology to the clients and producing larger values for shareholders. In the past two years, the Company has made remarkable progress in businesses related to professional medical materials, such as United Biopharma, Anscare, and Cenefom. With a strong alliance with Web-Pro, we will strive for future collaborations with giant international medical materials manufacturers.

Looking forward to 2023, BenQ Materials will adhere to the general direction of multi-products, multi-application, and multi-technology, deepen the expansion in sectors of medical, battery, and display material, while we will emphasize discipline, integrity, and responsibility, implement agile action, continue to cultivate marketing, R&D, manufacturing, and implement ESG corporate responsibility, precisely fulfill each execution segment set forth by the Company, and transform crisis into a favorable turn in the face of uncertain future. We hereby look forward to the continuous support from our shareholders to create the Company's sustainable development jointly.

Best Regards,

Chairman:  
Chen Chien-Chih

General Manager:  
Liu Chia-Jui

Accounting Manager:  
Wang Sheng-Hsing

## **(II) Audit Committee's Review Report**

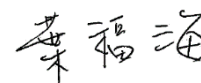
The Company's Board of Directors has prepared annual financial statements for 2022. Entrusted by the Board of Directors, an audit report has been issued by Tang Ci-Jie and Shi Wei-Ming, two accountants of KPMG Taiwan. Upon review, the Audit Committee believes that the financial statements, business reports, audit reports by accountants, and earnings distributions hereto contain no discrepancies. This report is issued under provisions prescribed in Article XIV(4) of the Securities and Exchange Act and Article CCXIX of the Company Act. It is hereby submitted for your inspection.

Sincerely,

BenQ Materials Corp. 2023 Annual Meeting of Shareholders

Convener of the Audit Committee:

February 23, 2023



## **(III) Report on the Distribution of Employees' and Directors' Remuneration in 2022**

Upon approval by the resolution of the Board of Directors on February 23, 2023, the Company conducted cash distribution to employees and directors for remuneration, which amounted to NT\$ 165,977,670 and NT\$ 12,448,326, respectively.

## **(IV) Report on Earnings Distribution in 2022 - Cash Dividend**

- I. In accordance with Article XIX (2) of the Company's Articles of Association, in case of distribution of earnings made on a cash dividend basis, the Board of Directors shall enjoy the rights for resolutions, with reports made in the Shareholders' Meeting.
- II. The earnings distributed are distributable retained earnings of the Company for the year 2022, and the cash dividend of common shares amounted to NT\$ 2 per share.
- III. The cash dividend distribution to each shareholder will be paid to the rounded-down full NT\$, and the Chairman of Board of Directors is authorized to determine the base date and distribution date of dividends and other related matters.
- IV. In case of changes in the number of outstanding shares of the Company during this earnings distribution, which results in changes in the payout ratio requiring emendation, the Chairman shall enjoy the right to act with full authority.

## **(V) Report on the Handling of Private Placement of Securities**

- I. On June 16, 2022, the Company's annual meeting of shareholders approved and authorized that within the scope of 31,800,000 shares of common shares, the Board of Directors shall enjoy the right to conduct follow-up offerings by the issuance of common shares and sponsor insurance of overseas depositary receipts and/or follow-up offering by the issuance of common shares, and/or follow-up offering by private placement of common shares, and/or private placement of overseas or domestic convertible corporate bonds.
- II. In case of any incomplete fund-raising hereinabove by the last day of the 2023 annual meeting of shareholders, it shall be annulled on the date of the 2023 annual meeting of shareholders.

## II. Election Matters:

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**Subject: Re-election of Independent Directors. (Proposed by the Board of Directors)**

Explanation: I. The independent director of the Company, Yu Cui-Rong, resigned as an independent director on October 19, 2022. It is proposed to elect one independent director at the 2023 Annual Meeting of Shareholders.

II. In accordance with the Company's Articles of Association, and the provisions of Article CXCII (1) of the Company Act, the election of independent directors of the Company shall adopt the candidate nomination system, and the nomination of the independent director will be accepted in accordance with the law.

III. The newly appointed independent director will serve from May 31, 2023, to June 15, 2025.

IV. The list of candidates for independent director was reviewed and approved by the Board of Directors of the Company on February 23, 2023. For candidate information for the independent director, please refer to Attachment I (P.9) for the election.

Election Results:

## III. Ratification and Discussion Items:

### Proposal I

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**Subject: Recognition of 2022 Financial Statements and Business Report. (Proposed by the Board of Directors)**

Explanation: The Company prepared its financial statements for the year 2022. Entrusted by the Board of Directors, an audit of the financial statements has been conducted by Tang Ci-Jie and Shi Wei-Ming, two accountants of KPMG Taiwan. It is believed that the financial statements and content stated thereon are sufficient in reflecting the financial conditions of BenQ Materials Corporation as of December 31, 2022, as well as financial performance and cash flow conditions for the year 2022. The business report is hereby attached for your recognition. For financial statements, please refer to Attachment II (P.10 - P.24).

Resolutions:

### Proposal II

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**Subject: Recognition of 2022 Earnings Distribution. (Proposed by the Board of Directors)**

Explanation: The Company's Statement of 2022 Earnings Distribution Table was approved by a resolution of the Board of Directors and was submitted to the Audit Committee for review and completion. For 2022 annual distribution of earnings, please refer to Attachment III (P.25).

Resolutions:

### Proposal III

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**Subject: Approval for follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts, and/or follow-up offering by the issuance of common shares, and/or follow-up offering by private placement of common shares, and/or private placement of overseas or domestic convertible corporate bonds. Kindly discuss the proposal. (Proposed by the Board of Directors)**

Explanation: I. The objective and amount of the fund-raising: In order to enrich the working capital, improve the financial structure, make overseas materials purchases, or satisfy other financing needs in response to the long-term development of the Company, the Board of Directors is proposed to be authorized by the Shareholders' Meeting to select the appropriate timing and financing device, in accordance with the relevant laws and regulations and the following principles of the appropriate method, within the limit of 31,800,000 ordinary shares, depending on the market environment and the needs of the Company. For the private placement of overseas or domestic convertible corporate bonds (hereinafter referred to as "convertible corporate bonds"), the number of common shares

that can be converted therefrom shall be within the aforementioned scope of 31,800,000 shares, at the price when the conversion happens.

II. Fund-raising and handling principles:

(I) Follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts:

1. The pricing of follow-up offering by sponsor insurance of overseas depositary receipts shall be subject to a reference of (a) the closing market price of the Company's common shares on the date of pricing or (b) the average closing market price of the Company's common shares on one among the days that are one, three, or five business days prior to the pricing date. (either price (a) or (b) is hereinafter referred to as the "reference price"). However, the actual issuance price should be determined by the Chairman of the Board of Directors and the foreign lead underwriters based on the prevailing market conditions, and the actual issuance price should not be lower than 90% of the reference price after deducting the free allotment or capital reduction ex-rights and ex-dividends. The reference price, as mentioned above, and the actual issuance price shall be determined in accordance with the issuance market practice, as well as laws and regulations. In addition, the common shares proposed to issue, if calculated at the cap of 31,800,000 shares, shall account for 9.92% of the Company's outstanding common shares, while the actual issuance price shall not be lower than 90% of the reference price after the deduction of stock grants or capital reduction ex-rights and ex-dividends, provided that no material dilution will be caused to original shareholders' equity. Therefore, the issue price of overseas depositary receipts shall be set reasonably, ensuring no significant influence on original shareholders' equity.

2. For this follow-up offering by sponsor insurance of overseas depositary receipts, in addition to the reserved shares that amounted to 10% -15% of the shares issued, which shall be subscribed by the employees of the Company per Article CCLXVII of the Company Act, it is proposed for consent by the Shareholders' Meetings, in accordance with the provisions of Article XXVIII(1) of the Securities and Exchange Act, that the original shareholders waive their preferential subscription rights to rest of the shares, allowing a full allocation to the public in the form of follow-up offering by sponsor insurance of overseas depositary receipts. For the unsubscribed portion of employees, the Chairman shall be authorized to include it in the original securities presented by the sponsor insurance of overseas depositary receipts in accordance with the market needs or determine a specific person for the subscription.

(II) The follow-up offering by common shares shall be conducted in the form of the public offering:

1. The par value of the follow-up offering amounts to NT\$ 10 per share, while the actual issue price shall be in accordance with the relevant provisions of the "Self-Disciplinary Convention of Taiwan Securities Association for Underwriters Coaching Issuing Company on Offering and Issuance of Securities" and upon the market conditions at issuance, with authorization to the Chairman for consulting the underwriters, and report to the Regulator for review and issuance.

2. In addition to the reserved shares that amounted to 10% -15% of the total shares issued by this offering, which shall be subscribed by the employees of the Company at the issue price, per §1, Article CCLXVII of the Company Act, the sale method for public subscription is proposed to authorize the Board of Directors to choose one of the following two ways:

(1) In accordance with the provisions of Article XXVIII(1) of the Securities and Exchange Act, it is proposed for consent by the Shareholders' Meetings that the original shareholders waive their preferential subscription rights according to the ratio of original shares, allowing a full allocation in the form of book-building. In case of employees waive the subscription or with insufficient subscription, it is proposed to authorize the Chairman to determine a specific person for a subscription at the issue price.

(2) In accordance with the provisions of §2 of Article XXVIII(1) of the Securities and Exchange

Act, 10% of the total shares issued shall be open to public subscription, and the remaining shares shall be subscribed by the original shareholders of the Company with precedence, in proportion to the original shares. In case of employees or original shareholders waive the subscription, or insufficient subscription, it is proposed to authorize the Chairman to determine a specific person for a subscription at the issue price.

- (III) Handling the follow-up offering and issuance of common shares by means of private placement and/or handling conversion of corporate bonds by means of private placement:
1. The basis and rationality of private placement price setting:
    - (1) The reference price used during the subscription price setting of the private placement of common shares shall be calculated by picking one from the days that are one, three, and five business days before the pricing date for simple arithmetic mean or the simple arithmetic average of common share closing market prices in 30 business days prior to the pricing date, deducting stock grants ex-rights and ex-dividends, and adding the share price upon capital reduction with reverse ex-rights. The higher of them shall prevail.
    - (2) With respect to the subscription price of the private placement of common shares, it is proposed to submit to the Shareholders' Meeting for the authorization to the Board of Directors to, in accordance with the above provisions, set the pricing basis of the private placement of common shares at no less than 80% of the reference price, the pricing basis of the private placement of convertible corporate bonds at no less than 80% of the theoretical price, provided the actual price is no less than the scope of price in the resolution of the Shareholders' Meeting, and determine according to developments, or to determine a specific person.
    - (3) The subscription price of the aforesaid private placement of common shares and the price of the private placement of convertible corporate bonds are set by reference to the Company's share price and theoretical price, respectively, which complies with the provisions of the public entity's precautions for the handling of private placement securities, and the law that stipulates three years of transfer restrictions. Therefore, it shall be deemed reasonable.
  2. The manner, objective, necessity, and expected benefits of selecting a specific person:
    - (1) The object of this private placement shall be subject to the personnel restraint prescribed by Article XLIII(6) of the Securities and Exchange Act and shall be strategic investors that bring benefits to the long-term development and competitiveness of the Company, as well as existing shareholders' equity.
    - (2) The objective, necessity, and expected benefits of selecting strategic investors are, for the sake of the Company's operational development, to assist the Company's financial, business, production, technology, procurement, management, strategic development, etc., directly or indirectly through strategic investors in order to enhance the competitiveness of the Company, improve operational efficiency and long-term development, which shall be of positive benefit to shareholders' equity.
    - (3) At present, the Company does not have a determined specific person, and it is proposed to authorize the Board of Directors to deal with the relevant matters related to the determination of the specific person in its sole discretion.
  3. Necessary reasons for private placement: In consideration of a private placement, when timeliness-related and convenience-related factors are in place and plans such as introducing strategic investors can be addressed by private placement, private placement shall be deemed necessary.
  4. The Board of Directors is authorized to apply for approval for listing to the Taiwan Stock Exchange after the expiration of three years from the date of delivery of the private placement of securities and subsequently declare to the Regulator for the matter of the Supplementary Public Offering and the application for listing.
  5. For the issuance and conversion measures for the private placement of convertible



corporate bonds (tentative), please refer to Attachment IV (P.26 - P.27).

- III. The use of funds, the use progress of funds, and the expected earnings: the funds raised are expected to be used for single or multiple fund purposes, such as replenishing the working capital, improving financial structure, overseas material purchasing, or as funds to cope with other needs for the long-term development of the Company, and expected to strengthen the competitiveness of the Company and improve its operating performance.
- IV. This follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts, follow-up offering by the issuance of common shares, follow-up offering by private placement of common shares, and private placement of convertible corporate bonds, as well as converted common shares thereof, shall be issued or delivered in a non-physical manner. Except for the time restraint placed on private-placed securities, as prescribed by Article XLIII(8) of the Securities and Exchange Act, namely securities of private placement shall not be transferred within three years after delivery, the rights and obligations of common shares issued or privately placed at this offering (including common shares converted for corporate bonds in private placement) shall be the same as those of the original common shares.
- V. The price per share for this follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts, follow-up offering by the issuance of common shares, follow-up offering by private placement of common shares, as well as conversion price of the private placement of overseas or domestic convertible corporate bonds, may be issued at a price lower than the par value in accordance with market situation changes. Reasons for not adopting other financing methods for fund-raising are mainly based on considering the Company's stable operation and financial structure safety, for which the use of equity-related financing device is more appropriate than other methods of pure liability. Fund-raising methods, such as follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts, follow-up offering by the issuance of common shares, and follow-up offering by private placement of common shares, in addition to exemption from interest expenditure for liabilities and reduce in Company's financial risk, may immediately enhance the Company's financial structure and the flexibility of the Company's financial allocation; As for the private placement of overseas or domestic convertible corporate bonds, if investors convert the bonds into shares, it can improve the Company's financial structure and benefit the Company's long term development. Thus, it shall be deemed reasonable for the Company to use the financing device related to equity. In case of price per share and conversion price is lower than the denomination and expected to reduce the Company's book value of capital surplus and retained earnings, the Company may, depending on the actual operating conditions in subsequent, make up for the losses. In addition, the Company may, in accordance with the Regulator's relevant regulations, determine the issuance price and conversion price. After the effect and profit of the capital increase, the Company's financial structure will be effectively improved, which would be favorable to the Company's long-term development without adversely impacting the stockholder's equity.
- VI. For this follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts, the follow-up offering by the issuance of common shares, the follow-up offering by private placement of common shares, and the private placement of convertible corporate bonds, matters including the issuance or private placement conditions of this offering, issuance and conversion measures of the private placement of convertible corporate bonds, capital utilization plan, capital use, scheduled progress, expected earnings incurred shall be proposed to the Shareholders' Meeting to authorize the Board of Directors, upon the resolution of the Shareholders' Meetings, to formulate, adjust and handle them at its sole discretion based on the Company's actual needs,

market conditions, and laws and regulations concerned. In the future, in case of changes or amendments are required due to changes in laws or regulations, or instructions from the Regulator, or based on changes in objective environmental factors such as operational assessments or the market, it is proposed to authorize the Board of Directors to deal with them at its sole discretion.

- VII. In order to complete the fund-raising plan, it is proposed to authorize the Chairman or designated person thereof to handle all matters related to the follow-up offerings by the issuance of common shares and sponsor issuance of overseas depository receipts, the follow-up offerings by the issuance of common shares, and the follow-up offerings by the private placement of common shares and convertible corporate bonds, with contracts and documents concerned signed.
- VIII. The Board of Directors shall be authorized to deal with any matters not covered herein in accordance with relevant laws and regulations.

Resolutions:

#### **Proposal IV**

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**Subject: Amendments to the Rules of Procedure for Shareholders' Meetings. Kindly discuss the proposal. (Proposed by the Board of Directors)**

- Explanation: I. In conjunction with the Announcement No. 1110004250 of the Taiwan Securities Exchange on March 8, 2022, which amended some provisions of the "Sample Templates Rules of Procedure for Shareholders' Meetings for Company Limited by Shares" and the actual needs, it is proposed to amend the relevant provisions of the "Rules of Procedure for Shareholders' Meetings" of the Company.
- II. For the comparison of provisions before and after the amendments, please refer to Attachment V (P.28 - P.30).

Resolutions:

#### **Proposal V**

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**Subject: Lifting the non-compete restriction for directors and their representatives. Kindly discuss the proposal. (Proposed by the Board of Directors)**

- Explanation: I. In accordance with Article CCIX of the Company Act, in case directors conduct acts that fall into the business scope of the Company, for their one or others, the directors shall explain the major contents of their acts to the Shareholders' Meeting for permission.
- II. In case the directors of the Company have invested in or operated other companies with the same or similar business scope as the Company, the case shall be submitted to the Shareholders' Meetings for approval, according to law. Please refer to Attachment VI (P.31).

Resolutions:

#### **IV. Extempore Motions:**

#### **V. Meeting Adjourn**

## Attachment I

### BenQ Materials Corporation Information of Candidate Directors and Independent Directors

Category	Name	Gender	Current Shareholding (Note)	Major Learning (Profile) History	Principal incumbent
Independent Director	Liu Jun-Lin	Male	0 Share	Master, China Medical University, Taiwan Bachelor in Medicine, China Medical University, Taiwan Attending Physician, Department of Neurosurgery, China Medical University Hospital Physician-in-Charge, Department of Neurosurgery, Linkou Cheng Gung Memorial Hospital Member of Taiwan Neurosurgical Society Member of Taiwan Neurosurgical Spine Society Director and Supervisor of Taiwan Society of Neuro-Oncology Director and Supervisor of Taiwan Society for Skull Base Surgery Member of Taiwan Society for Pediatric Neurosurgery, Member of Education Committee Director of the Operating Room of China Medical University Hospital Assistant Professor, Clinical Group, China Medical University, Taiwan Member of Taiwan Neurosurgical Society Director of International Medical Ward, China Medical University Hospital	Vice President of Taipei Branch, China Medical University Hospital Attending Physician, Department of Neurosurgery, China Medical University Hospital

Note: The number of shares held shall be calculated on the book closing date of the Annual Shareholders' Meeting, namely, April 2, 2023.

## Attachment II

### Consolidated Financial Statements and Independent Auditors' Report of BenQ Materials Corporation

To: The Board of Directors of BenQ Materials Corporation

#### Opinions on the audit

The consolidated balance sheet of BenQ Materials Corporation and its Subsidiaries (hereinafter referred to as "BenQ Materials Group") as of December 31, 2022, and December 31, 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial report (including the summary of material accounting policies) from January 1, 2022, to December 31, 2022, were audited by the Certified Public Accountant.

In the opinion of this Certified Public Accountant, the consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission in all material respects, which is sufficient to serve as a fair presentation of the consolidated financial position of BenQ Materials Group as of December 31 of the year 2022 and 2021, as well as the consolidated financial performance and consolidated cash flows in the periods from January 1 to December 31 of the year 2022 and 2021.

#### Basis of opinions on the audit

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Consolidated Financial Statements." We have stayed independent from BenQ Materials Group as required by The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. 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 2022 Consolidated Financial Statements of BenQ Materials Group and its subsidiaries. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountant's judgment should communicate the key audit matters on the audit report as follows:

##### I, Inventory Valuation

For the accounting policies of inventories valuation, please refer to Note IV (8) of the Consolidated Financial Statements; For the accounting estimates of the inventory valuation and the description of the uncertainty of the assumptions, please refer to Note V of the Consolidated Financial Statements; For the description of material accounting items in inventories, please refer to Note VI (6) of the Consolidated Financial Statements.

##### Description of Key Audit Matters:

Inventories of BenQ Materials Group are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Group's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of the Consolidated Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Group, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the valuation of inventory has been handled in accordance with the accounting policies

established by BenQ Materials Group; performing inventory roll back testing to verify the rationality of the provision of bad debt losses.

#### **Other Matters**

BenQ Materials Corporation has prepared parent company-only financial statements for 2022 and 2021, and has obtained the unqualified audit report issued by this Certified Public Accountant for the record for reference.

#### **The Management's Responsibility and Governing Body of the Consolidated Financial Statements**

It is the management's responsibility to fairly present the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, which is sufficient to serve as a fair presentation of the consolidated financial reports and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In the preparation of consolidated financial statements, the responsibilities of the management include assessment of BenQ Materials Group's capacity for a going concern, disclosure of related matters, and the accounting approaches adopted on a going-concern basis unless the management intends to liquidate or suspend the business of BenQ Materials Group, or there were no other options other than liquidation or suspension.

The governing bodies of BenQ Materials Group and its subsidiaries (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

#### **The Accountants' Responsibilities in Auditing the Consolidated Financial Statements**

We have utilized our professional judgment and maintained professional skepticism when performing auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired the necessary understanding of intragroup controls pertaining to the audit to develop appropriate audit procedures under the circumstances. Nevertheless, the objective of such an understanding is not to provide any opinion on the effectiveness of the intragroup controls of BenQ Materials Group.
3. Assessed the appropriateness of the accounting policies adopted by the management and the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions might cast significant doubt on the ability of BenQ Materials Group to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present related transactions and events fairly.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Group.

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 identified during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).


According to the communication between the governance body and the Certified Public Accountant, this Certified Public Accountant decided to audit the key matters stated in the 2022 Consolidated Financial Report of BenQ Materials Group. We describe these matters in our auditor's 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 communications.

KPMG Taiwan

Certified Public  
Accountant/ CPA:

Approved audit  
number:  
February 23, 2023

唐蕊杰  
施威铭



FSC (6) No. 0940100754  
FSC (6) No. 0950103298

**BENQ MATERIALS CORPORATION AND ITS SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

Unit: NT\$ thousand

Assets	2022.12.31		2021.12.31	
	Amount	%	Amount	%
<b>Current assets</b>				
Cash and Cash Equivalents	\$ 653,134	5	\$ 278,127	2
Financial assets at fair value measurement through profit or loss - current	17,316	-	5,908	-
Financial assets at fair value measurement through other comprehensive profit or loss - current	54,549	-	55,490	-
Net amount of notes and accounts receivable	2,156,403	16	2,252,030	18
Net amount of accounts receivable - related parties	853,146	6	610,135	5
Other receivables	141,119	1	184,842	2
Other receivables - related parties	10	-	20	-
Net amount of inventories	2,719,984	20	2,807,868	23
Other current assets	209,242	2	268,911	2
Other financial assets - current	52,052	-	87,084	1
Non-current assets held for sale	-	-	163,909	1
<b>Total current assets</b>	<b>6,856,955</b>	<b>50</b>	<b>6,714,324</b>	<b>54</b>
<b>Non-current assets</b>				
Financial assets at fair value measurement through other comprehensive profit or loss - non-current	96,504	1	9,187	-
Investments accounted for using the equity method	480,749	4	221,918	2
Real estate, plant and equipment	5,064,453	37	4,493,229	36
Right-of-use assets	569,198	4	190,290	2
Net amount of investment properties	161,272	1	431,072	3
Intangible assets	141,383	1	165,773	1
Deferred tax assets	262,820	2	183,535	1
Guarantee deposits paid	26,268	-	28,974	-
Other non-current assets	44,966	-	71,626	1
<b>Total non-current assets</b>	<b>6,847,613</b>	<b>50</b>	<b>5,795,604</b>	<b>46</b>
<b>Total assets</b>	<b>\$ 13,704,568</b>	<b>100</b>	<b>\$ 12,509,928</b>	<b>100</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Short-term borrowings	\$ 1,051,460	8	\$ 586,849	5
Financial liabilities at fair value measurement through profit or loss - current	1,800	-	9,361	-
Accounts payable	2,541,222	19	3,141,185	25
Accounts payable - related parties	34,905	-	48,436	-
Other payables	1,527,559	11	1,668,190	13
Other payables - related parties	20,098	-	24,108	-
Long-term loan due within one year	181,486	1	1,666	-
Lease liabilities - current	7,787	-	7,871	-
Lease liabilities - related parties - current	91,746	1	91,779	1
Other current liabilities	170,683	1	215,073	2
<b>Total current liabilities</b>	<b>5,628,746</b>	<b>41</b>	<b>5,794,518</b>	<b>46</b>
<b>Non-current liabilities</b>				
Long-term borrowings	1,084,002	8	1,305,028	11
Deferred tax assets and liabilities	268,184	2	144,735	1
Lease liabilities - non-current	44,595	-	52,383	-
Lease liabilities - related parties - non-current	382,780	3	-	-
Other non-current liabilities	45,616	-	56,661	1
<b>Total non-current liabilities</b>	<b>1,825,177</b>	<b>13</b>	<b>1,558,807</b>	<b>13</b>
<b>Total liabilities</b>	<b>7,453,923</b>	<b>54</b>	<b>7,353,325</b>	<b>59</b>
<b>Equity</b>				
Common stock	3,206,745	23	3,206,745	26
Capital reserve	192,352	2	5,808	-
Retained earnings:				
Statutory surplus reserve	414,305	3	317,262	2
Special surplus reserve	103,309	1	83,534	1
Balance of retained earnings	2,200,624	16	1,533,290	12
Other equity	(68,835)	(1)	(103,309)	(1)
Total equity attributable to the owners of parent company	6,048,500	44	5,043,330	40
Non-controlling interests	202,145	2	113,273	1
<b>Total equity</b>	<b>6,250,645</b>	<b>46</b>	<b>5,156,603</b>	<b>41</b>
<b>Total liabilities and equity</b>	<b>\$ 13,704,568</b>	<b>100</b>	<b>\$ 12,509,928</b>	<b>100</b>

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

**BENQ MATERIALS CORPORATION AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**From January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	2022		2021	
	Amount	%	Amount	%
Net operating income	\$ 15,540,465	100	16,481,686	100
Operating costs	(12,462,094)	(81)	(13,425,149)	(81)
Gross operating profit	3,078,371	20	3,056,537	19
Operating Expenses				
Selling expenses	(1,173,756)	(8)	(1,050,132)	(6)
General and administrative expenses	(321,091)	(2)	(269,767)	(2)
Research and development expenses	(886,717)	(6)	(759,320)	(5)
Total operating expenses	(2,381,564)	(16)	(2,079,219)	(13)
Net Operating Profit	696,807	4	977,318	6
Non-Operating Profit and Loss				
Interest revenue	3,615	-	1,170	-
Other income	21,552	-	19,298	-
Other gains or losses	974,672	6	180,995	1
Financial costs	(51,570)	-	(42,068)	-
Shares of profits (losses) of associates accounted for using the equity method	110,101	1	71,259	-
	1,058,370	7	230,654	-
Income before income tax	1,755,177	11	1,207,972	1
Less: income tax expenses	(470,436)	(3)	(238,445)	(1)
Net profit for the current period	1,284,741	8	969,527	6
Other comprehensive profit (loss):				
Items not reclassified to profit or loss				
Remeasurement of defined benefit plans	(5,278)	-	(6,932)	-
Investment in equity instruments at fair value measurement through other comprehensive profit or loss				
Unrealized gain/ (loss) on valuation	(5,895)	-	(3,453)	-
Income tax related to items that will not be reclassified	-	-	-	-
Items that may be subject to reclassification to profit or loss in subsequent				
Exchange differences arising on translation of financial statements of foreign operations	24,476	-	8,741	-
Share of other comprehensive profit or loss of associates accounted for using the equity method	21,171	-	(19,265)	-
Income tax related to items that may be reclassified	-	-	-	-
Other comprehensive profit (loss)	34,474	-	(20,909)	-
Total comprehensive profit or loss for the year	\$ 1,319,215	8	948,618	6
Net profit for the period attributable to:				
Owners of the parent company	\$ 1,295,670	8	971,555	6
Non-controlling interests	(10,929)	-	(2,028)	-
	\$ 1,284,741	8	969,527	6
Total comprehensive profit or loss attributable to:				
Owners of the parent company	\$ 1,330,144	8	950,646	6
Non-controlling interests	(10,929)	-	(2,028)	-
	\$ 1,319,215	8	948,618	6
Earnings per share (Unit: NT\$)				
Basic earnings per share	\$ 4.04		3.03	
Diluted earnings per share	\$ 3.97		2.99	

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing



## BENQ MATERIALS CORPORATION AND ITS SUBSIDIARIES

### Consolidated Statements of Changes in Equity From January 1 to December 31, 2022 and 2021

Equity attributable to the owners of parent company

Unit: NT\$ thousand

	Retained earnings						Other equity items				Total equity attributable to the owners of parent company	Non-controlling Interests	Total equity
	Common stock	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed Earnings	Total	Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive profit or loss	Defined benefit plans rereasurement	Total			
<b>Balance as of January 1, 2021</b>	\$3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775	-	4,322,775
Appropriation and distribution of retained earnings:													
Account for statutory surplus reserve	-	-	39,597	-	(39,597)	-	-	-	-	-	-	-	-
Account for special surplus reserve	-	-	-	49,638	(49,638)	-	-	-	-	-	-	-	-
Cash dividend of common shares	-	-	-	-	(224,472)	(224,472)	-	-	-	-	(224,472)	-	(224,472)
Change in capital surplus from investments in associates under equity method	-	(5,619)	-	-	-	-	-	-	-	-	(5,619)	-	(5,619)
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	115,301	115,301
Disposal of equity instruments measured at fair value through other comprehensive gains and losses:		-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-	-	-
Net profit for the current period	-	-	-	-	971,555	971,555	-	-	-	-	971,555	(2,028)	969,527
Other comprehensive profit (loss)	-	-	-	-	-	-	(10,524)	(3,453)	(6,932)	(20,909)	(20,909)	-	(20,909)
<b>Total comprehensive profit or loss for the year</b>	-	-	-	-	971,555	971,555	(10,524)	(3,453)	(6,932)	(20,909)	950,646	(2,028)	948,618

## Equity attributable to the owners of parent company

Unit: NT\$ thousand

	Retained earnings						Other equity items				Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
	Common stock	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed Earnings	Total	Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive profit or loss	Defined benefit plans rereasurement	Total			
<b>Balance as of December 31, 2021</b>	3,206,745	5,808	317,262	83,534	1,533,290	1,934,086	(51,470)	(22,910)	(28,929)	(103,309)	5,043,330	113,273	5,156,603
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Account for statutory surplus reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-	-	-
Account for special surplus reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-	-	-
Cash dividend of common shares	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)	-	(481,012)
Change in capital surplus from investments in associates under equity method	-	186,544	-	-	-	-	-	-	-	-	186,544	-	186,544
Acquisition of partial equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,750)	(5,750)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	75,045	75,045
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(30,506)	(30,506)	-	-	-	-	(30,506)	30,506	-
Net profit for the current period	-	-	-	-	1,295,670	1,295,670	-	-	-	-	1,295,670	(10,929)	1,284,741
Other comprehensive profit (loss)	-	-	-	-	-	-	45,647	(5,895)	(5,278)	34,474	34,474	-	34,474
Total comprehensive profit or loss for the year	-	-	-	-	1,295,670	1,295,670	45,647	(5,895)	(5,278)	34,474	1,330,144	(10,929)	1,319,215
<b>Balance as of December 31, 2022</b>	<b>\$3,206,745</b>	<b>192,352</b>	<b>414,305</b>	<b>103,309</b>	<b>2,200,624</b>	<b>2,718,238</b>	<b>(5,823)</b>	<b>(28,805)</b>	<b>(34,207)</b>	<b>(68,835)</b>	<b>6,048,500</b>	<b>202,145</b>	<b>6,250,645</b>

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

**BENQ MATERIALS CORPORATION AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**From January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	2022	2021
Cash flows from operating activities		
Income before income tax for the year	\$ 1,755,177	\$ 1,207,972
Adjusted items		
Depreciation	614,525	569,065
Amortization expenses	56,643	45,816
Expected credit losses (reverse benefits)	14,128	(645)
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	(18,969)	15,873
Interest expenses	51,570	42,068
Interest revenue	(3,615)	(1,170)
Dividend income	(1,680)	(1,344)
Shares of profits of associates accounted for using the equity method	(110,101)	(71,259)
Loss (profits) from disposal of real estate, plant, and equipment	12,513	(1,414)
Disposal of non-current assets held for sale profits	(893,148)	-
Disposal of investments profits	(64,099)	(7,814)
Gains on bargain purchase	-	(99)
Amortization of deferred expenses transferred to expenses	152,024	139,660
Amortization of syndication fee costs	3,773	1,900
Gains on lease modifications	-	(2)
Total adjustments to reconcile profit (loss)	(186,436)	730,635
Changes in operating assets/liabilities:		
Net changes in operating assets:		
(Increase) decrease in notes and account receivable	83,518	(756,508)
(Increase) decrease in account receivable - related parties	(198,894)	286,336
(Increase) decrease in other receivables	(2,413)	1,095
Other account receivables - related parties decrease	10	35
(Increase) decrease in inventories	87,884	(392,675)
Increase in other current assets	(53,582)	(39,061)
Increase in other non-current assets	(19)	(604)
Total net changes in operating assets	(83,496)	(901,382)
Total net changes in operating liabilities:		
Decrease in accounts payable	(599,963)	(285,318)
Increase (decrease) in account payables - related parties	(13,531)	18,670
Increase (decrease) in other payables	(11,571)	253,939
Increase (decrease) in other payables - related parties	(4,010)	7,890
Increase in other current liabilities	41,580	42,505
Decrease in net defined benefit liability	(1,966)	(1,842)
Total net changes in operating liabilities	(589,461)	35,844
Total net changes in operating assets and liabilities	(672,957)	(865,538)
Total adjustments	(859,393)	(134,903)
Cash inflow generated from operations	895,784	1,073,069
Interests received	3,615	1,170
Interests paid	(49,923)	(41,841)
Income tax paid	(460,212)	(19,449)
Net cash flow from operating activities	389,264	1,012,949
Cash flows from investing activities		
Purchase from acquisition of financial assets at fair value through profit or loss	\$ (92,271)	(9,187)
Acquisition of investment using the equity method	-	(4,480)
Disposal of investment using the equity method	83,749	-
Return of capital from investee companies accounted for using the equity method due to liquidation	-	2,372
Net cash inflows from merger of subsidiaries	-	32,926
Disposal of non-current assets held for sale profits	1,271,725	-
Acquisition of real estate, plant, and equipment	(1,187,721)	(600,176)
Disposal of real estate, plant, and equipment	615	2,257
(Increases) decrease in guarantee deposits paid	2,706	(14,106)
Acquisition of intangible assets	(29,008)	(44,260)
(Increase) decrease in other financial assets	35,032	(69,657)
Advance receipts on disposal of real estate, plant, and equipment	-	84,000
Increase in other non-current assets	(43,365)	(37,619)
Dividends received	41,015	12,161
Net cash outflows from investing activities	82,477	(645,769)
Cash flows from financing activities:		
Increase in short-term borrowings	464,611	420,093
Proceeds from long-term borrowings	360,350	3,096,690
Repayments of long-term borrowings	(403,364)	(3,423,450)
Increase (decrease) in guarantee deposits paid	(12,989)	4,725
Repayments of lease principal	(99,874)	(86,773)
Purchase of subsidiaries' equity from non-controlling interests	(5,750)	-
Capital increase of subsidiary by non-controlling interest shareholders	75,045	-
Issuance of cash dividend	(481,012)	(224,472)
Net cash outflows from financing activities	(102,983)	(213,187)
Effect of changes in exchange rates	6,249	(24,109)
Increase (decrease) in cash and cash equivalents for the year	375,007	129,884
Cash and cash equivalents at beginning of year	278,127	148,243
Cash and cash equivalents at end of year	\$ 653,134	278,127

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

# **Audit Report by Certified Public Accountant on Parent Company Only Financial Statements of BenQ Materials Corporation**

To: The Board of Directors of BenQ Materials Corporation

## **Opinions on the audit**

BenQ Materials Corporation's balance sheet as of December 31 of the year 2022 and 2021, and its statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to parent company only financial reports (including a summary of material accounting policies) as of January 1 to December 31, of the year 2022 and 2021, have been audited and completed by the accountants.

In the opinion of this Certified Public Accountant, the parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material respects, which are sufficient to serve as a fair presentation of the financial position of BenQ Materials Corporation as of December 31 of the year 2022 and 2021, and the financial performance and cash flows of the Company as of January 1 to December 31 of the year 2022 and 2021.

## **Basis of opinions on the audit**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. 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 2022 Parent Company Only Financial Statements of BenQ Materials Corporation. 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 individually. The accountant's judgment should communicate the key audit matters on the audit report as follows:

### **I, Inventory Valuation**

For the accounting policies of inventories, please refer to Note IV (7) of the Parent Company Only Financial Statements; For the accounting estimates of the inventory valuation and the description of the uncertainty of the assumptions, please refer to Note V of the Parent Company Only Financial Statements; For the description of material accounting items in inventories, please refer to Note VI (6) of the Parent Company Only Financial Statements.

#### **Description of Key Audit Matters:**

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand for the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory valuation is one of the important valuation items for the accountants to perform the review of Parent Company Only Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the valuation of inventory has been handled in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory roll back testing to verify the rationality of the provision of bad debt losses.

## **Responsibilities of the Management and the Governing Body to the Parent Company Only Financial Statements**

It is the management's responsibility to fairly present the Parent Company Only Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Parent Company Only Financial statement, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

### **The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misrepresentations in parent company only financial reports will be detected. Misstatements can arise from fraud or error. Misstatements 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.

We have utilized our professional judgment and maintained professional skepticism when performing auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired the necessary understanding of intragroup controls pertaining to the audit to develop appropriate audit procedures under the circumstances. Nevertheless, the objective of such an understanding is not to provide any opinion on the effectiveness of the intragroup controls of BenQ Materials Corporation.
3. Assessed the appropriateness of the accounting policies adopted by the management and the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Parent Company Only Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Parent Company Only Financial Statements (including the related notes), and determined whether the Parent Company Only Financial Statements present related transactions and events fairly.
6. Acquired sufficient and appropriate audit evidence for the financial information of the investee company that adopts the equity method to express opinions on Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

We communicated 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 identified during our audit.

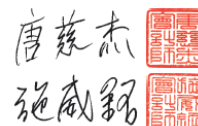
We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

According to the communication between the governance body and the Certified Public Accountant, this Certified Public Accountant decided to audit the key matters stated in the 2022 Parent Company only Financial Report of BenQ Materials Corporation. We describe these matters in our auditor's 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 communications.

KPMG Taiwan

Certified Public  
Accountant/ CPA:

Approved audit  
number:  
February 23, 2023

The image shows two handwritten signatures in black ink. The top signature is '唐蕊杰' (Tang Ruijie) and the bottom signature is '施威毅' (Shi Weiyi). To the right of each signature is a red square seal impression, likely a professional seal for the CPA.

FSC (6) No. 0940100754  
FSC (6) No. 0950103298

**BenQ Materials Corporation**  
**Balance Sheets**  
**December 31, 2022 and 2021**

Unit: NT\$ thousand

Assets	2022.12.31		2021.12.31	
	Amount	%	Amount	%
<b>Current assets:</b>				
Cash and Cash Equivalents	\$ 347,022	2	\$ 107,720	1
Financial assets at fair value measurement through profit or loss - current	17,316	-	5,908	-
Financial assets at fair value measurement through other comprehensive profit or loss - current	54,549	-	55,490	-
Net amount of notes and accounts receivable	1,902,450	14	2,017,573	17
Net amount of accounts receivable - related parties	917,223	7	1,081,494	9
Other receivables	138,623	1	183,945	2
Other receivables - related parties	1,703	-	2,284	-
Net amount of inventories	2,322,850	17	2,487,033	20
Other current assets	155,860	1	151,060	1
Other financial assets - current	10,464	-	5,913	-
<b>Total current assets</b>	<b>5,868,060</b>	<b>42</b>	<b>6,098,420</b>	<b>50</b>
<b>Non-current assets:</b>				
Financial assets at fair value measurement through other comprehensive profit or loss - non-current	96,504	1	9,187	-
Investments accounted for using the equity method	3,168,041	22	2,155,793	18
Real estate, plant and equipment	4,010,841	29	3,610,070	30
Right-of-use assets	523,043	4	138,018	1
Intangible assets	22,309	-	30,634	-
Deferred tax assets	220,538	2	144,141	1
Guarantee deposits paid	6,919	-	9,451	-
Other non-current assets	13,255	-	4,443	-
<b>Total non-current assets</b>	<b>8,061,450</b>	<b>58</b>	<b>6,101,737</b>	<b>50</b>
<b>Total assets</b>	<b>\$ 13,929,510</b>	<b>100</b>	<b>\$ 12,200,157</b>	<b>100</b>
<b>Liabilities and equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings	\$ 1,051,460	8	\$ 576,800	5
Financial liabilities at fair value measurement through profit or loss - current	1,800	-	9,361	-
Accounts payable	2,438,302	18	3,054,382	25
Accounts payable - related parties	895,740	6	447,739	3
Other payables	1,224,047	9	1,345,775	11
Other payables - related parties	51,573	-	26,343	-
Lease liabilities - current	181,486	1	7,088	-
Lease liabilities - related parties - current	6,966	-	91,779	1
Other current liabilities	91,746	1	90,194	1
<b>Total current liabilities</b>	<b>143,327</b>	<b>1</b>	<b>5,649,461</b>	<b>46</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	1,084,002	8	1,303,330	11
Deferred tax assets and liabilities	252,241	2	123,773	1
Lease liabilities - non-current	42,217	-	49,184	1
Lease liabilities - related parties - non-current	382,780	3	-	-
Other non-current liabilities	33,323	-	31,079	-
<b>Total non-current liabilities</b>	<b>1,794,563</b>	<b>13</b>	<b>1,507,366</b>	<b>13</b>
<b>Total liabilities</b>	<b>7,881,010</b>	<b>57</b>	<b>7,156,827</b>	<b>59</b>
<b>Equity:</b>				
Common stock	3,206,745	23	3,206,745	26
Capital reserve	192,352	1	5,808	-
Retained earnings:				
Statutory surplus reserve	414,305	3	317,262	2
Special surplus reserve	103,309	1	83,534	1
Balance of retained earnings	2,200,624	16	1,533,290	13
Other equity	(68,835)	(1)	(103,309)	(1)
<b>Total equity</b>	<b>6,048,500</b>	<b>43</b>	<b>5,043,330</b>	<b>41</b>
<b>Total liabilities and equity</b>	<b>\$ 13,929,510</b>	<b>23</b>	<b>\$ 12,200,157</b>	<b>100</b>

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

**BenQ Materials Corporation**  
**Statements of Comprehensive Income**  
**From January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	2022		2021	
	Amount	%	Amount	%
Operating revenue	\$ 14,780,630	100	\$ 15,898,350	100
Operating costs	(12,415,438)	(84)	(13,543,517)	(85)
Gross operating profit	2,365,192	16	2,354,833	15
(Unrealized) realized sales profit and loss	(51,306)	-	(13,596)	-
Realized operating profit and loss	2,313,886	16	2,341,237	15
Operating expenses				
Selling expenses	(675,786)	(4)	(575,694)	(4)
General and administrative expenses	(245,162)	(2)	(209,090)	(1)
Research and development expenses	(851,156)	(6)	(741,194)	(5)
Total operating expenses	(1,772,104)	(12)	(1,525,978)	(10)
Net operating profit	541,782	4	815,259	5
Non-operating profit and loss				
Interest revenue	486	-	589	-
Other income	6,602	-	11,583	-
Other gains or losses	33,463	-	168,311	1
Financial costs	(50,690)	-	(41,288)	-
Shares of (losses) profits of associates accounted for using the equity method	949,708	6	243,963	2
	939,569	6	383,158	3
Income before income tax	1,481,351	10	1,198,417	8
Less: income tax expenses	(185,681)	(1)	(226,862)	(2)
Net profit for the current period	1,295,670	9	971,555	6
Other comprehensive profit (loss):				
Items not reclassified to profit or loss				
Remeasurement of defined benefit plans	(5,718)	-	(9,143)	-
Equity instruments at fair value measurement through other comprehensive profit or loss				
unrealized gain/ (loss) on investment	(5,895)	-	(3,453)	-
Other comprehensive profit or loss share of subsidiaries recognized under equity method	440	-	2,211	-
Income tax related to items that will not be reclassified	-	-	-	-
Items that may be subject to reclassification to profit or loss in subsequent				
Exchange differences arising on translation of financial statements of foreign operations	45,647	-	(10,524)	-
Income tax related to items that may be reclassified	-	-	-	-
Other comprehensive profit (loss)	34,474	-	(20,909)	-
Total comprehensive profit or loss for the year	\$ 1,330,144	9	\$ 950,646	6
Earnings per share (Unit: NT\$)				
Basic earnings per share	\$ 4.04		\$ 3.03	
Diluted earnings per share	\$ 3.97		\$ 2.99	

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing



**BenQ Materials Corporation**  
**Statements of Changes in Equity**  
**From January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	Retained earnings						Other equity item				
	Common stock	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profits and losses of financial assets at fair value through other comprehensive profit or loss	Defined benefit plans remeasurement	Total	Total equity
<b>Balance as of January 1, 2021</b>	\$3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775
Appropriation and distribution of retained earnings:											
Account for statutory surplus reserve	-	-	39,597	-	(39,597)	-	-	-	-	-	-
Account for special surplus reserve	-	-	-	49,638	(49,638)	-	-	-	-	-	-
Cash dividend of common shares	-	-	-	-	(224,472)	(224,472)	-	-	-	-	(224,472)
Change in capital surplus from investments in associates under equity method	-	(5,619)	-	-	-	-	-	-	-	-	(5,619)
Disposal of equity instruments at fair value measurement through other comprehensive profit or loss	-	-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-
Net profit for the current period	-	-	-	-	971,555	971,555	-	-	-	-	971,555
Other comprehensive profit (loss)	-	-	-	-	-	-	(10,524)	(3,453)	(6,932)	(20,909)	(20,909)
Total comprehensive profit or loss for the year	-	-	-	-	971,555	971,555	(10,524)	(3,453)	(6,932)	(20,909)	950,646
<b>Balance as of December 31, 2021</b>	3,206,745	5,808	317,262	83,534	1,533,290	1,934,086	(51,470)	(22,910)	(28,929)	(103,309)	5,043,330
Appropriation and distribution of retained earnings:											
Account for statutory surplus reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-
Account for special surplus reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-
Cash dividend of common shares	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)
Other changes in capital surplus:		186,544									186,544
Change in capital surplus from investments in associates under equity method	-	-	-	-	(30,506)	(30,506)	-	-	-	-	(30,506)
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	1,295,670	1,295,670	-	-	-	-	1,295,670
Net profit for the current period	-	-	-	-	-	-	45,647	(5,895)	(5,278)	34,474	34,474
Other comprehensive profit (loss)	-	-	-	-	1,295,670	1,295,670	45,647	(5,895)	(5,278)	34,474	1,330,144
Total comprehensive profit or loss for the year	-	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500
<b>Balance as of December 31, 2022</b>	\$3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

**BenQ Materials Corporation**  
**Statements of Cash Flows**  
**From January 1 to December 31, 2022 and 2021**

Unit: NT\$ thousand

	2022	2021
<b>Cash flows from operating activities</b>		
Income before income tax for the year	\$ 1,481,351	1,198,417
Adjusted items		
Depreciation	465,399	425,802
Amortization expenses	39,519	36,481
Expected credit impairment loss	14,138	-
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	(18,969)	15,873
Interest expenses	50,690	41,288
Interest revenue	(486)	(589)
Dividend income	(1,680)	(1,344)
Shares of profits (losses) of subsidiaries and associates accounted for using the equity method	(949,708)	(243,963)
Losses on disposal of real estate, plant and equipment interests	12,924	-
Profits from disposal of investment using equity method	(64,099)	(7,814)
(Un)realized sales profits	51,306	13,596
Amortization of deferred expenses transferred to expenses	119,540	108,775
Amortization of syndication fee costs	3,773	1,900
Gains on bargain purchase	-	(99)
Gains on lease modifications	-	(2)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(277,653)</b>	<b>389,904</b>
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease (Increase) in notes and account receivable	103,004	(733,250)
Account receivable - decrease in related parties	208,388	44,414
Increase in other receivables	(814)	(138)
Other account receivables - related parties decrease	581	3,178
Decrease (increase) in inventories	164,183	(276,797)
Increase in other current assets	(122,065)	(110,026)
<b>Total net changes in operating assets</b>	<b>353,277</b>	<b>(1,072,619)</b>
Total net changes in operating liabilities:		
Decrease in accounts payable	(616,080)	(258,399)
Increase in account payables - related parties	448,001	192,140
Increase in other payables	21,869	229,328
Increase (decrease) in other payables - related parties	25,230	(8,064)
Increase in other current liabilities	53,133	29,128
Decrease in net defined benefit liability	(1,966)	(1,842)
<b>Total net changes in operating liabilities</b>	<b>(69,813)</b>	<b>182,291</b>
<b>Total net changes in operating assets and liabilities</b>	<b>283,464</b>	<b>(890,328)</b>
<b>Total adjustments</b>	<b>5,811</b>	<b>(500,424)</b>
Cash inflow generated from operations	1,487,162	697,993
Interests received	486	589
Interests paid	(49,043)	(41,061)
Income tax paid	(179,989)	(10,503)
<b>Net cash flow from operating activities</b>	<b>1,258,616</b>	<b>647,018</b>
Cash flows from investing activities		
Purchase from acquisition of financial assets at fair value through profit or loss	(92,271)	(9,187)
Acquisition of investment using the equity method	(180,706)	(110,931)
Disposal of investment using the equity method	83,749	-
Return of capital from investments accounted for using the equity method due to capital reduction	-	328,273
Return of capital from investments accounted for using the equity method due to liquidation	-	2,372
Acquisition of real estate, plant, and equipment	(891,437)	(606,896)
Disposal of real estate, plant, and equipment	200	-
(Increase) decrease in refundable deposits	2,532	(5,734)
Acquisition of intangible assets	(28,192)	(44,079)
Increase in other financial assets	(4,551)	(943)
Increase in other non-current assets	(14,860)	(2,054)
Dividends received	251,015	12,161
<b>Net cash outflows from investing activities</b>	<b>(874,521)</b>	<b>(437,018)</b>
Cash flows from financing activities:		
Increase in short-term borrowings	474,660	426,800
Proceeds from long-term borrowings	360,350	3,096,690
Repayments of long-term borrowings	(400,000)	(3,410,000)
Increase in guarantee deposits received	300	80
Repayments of lease principal	(99,091)	(86,645)
Issuance of cash dividend	(481,012)	(224,472)
<b>Net cash outflows from financing activities</b>	<b>(144,793)</b>	<b>(197,547)</b>
Increase (decrease) in cash and cash equivalents for the year	239,302	12,453
Cash and cash equivalents at beginning of year	107,720	95,267
Cash and cash equivalents at end of year	\$ 347,022	107,720

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

## Attachment III

### BenQ Materials Corporation

#### Statement of 2022 Earnings Distribution

Unit: NT\$

<b>Net profit after tax in 2021</b>	<b>\$1,295,670,028</b>
<b>Less: difference between the actual acquisition of subsidiary equity and book value</b>	<b>(30,506,920)</b>
<b>Net profit after tax plus the amount of items other than net profit for the current period are included in undistributed earnings for the current year</b>	<b>1,265,163,108</b>
<b>Less: Withdrawal of statutory surplus reserve</b>	<b>(126,516,311)</b>
<b>Add: reversal of special surplus reserve</b>	<b>34,473,839</b>
<b>Surplus available for distribution in 2022</b>	<b>\$1,173,120,636</b>
<b>Surplus: undistributed earnings at the beginning of the period</b>	<b>935,460,415</b>
<b>Accumulated earnings available for distribution as of the end of 2022</b>	<b>\$2,108,581,051</b>
<b>Distributable items :</b>	
<b>Shareholders' dividend - cash (NT\$ 2 per share)</b>	<b>(641,349,028)</b>
<b>Unappropriated retained earnings</b>	<b>\$1,467,232,023</b>

Note: This cash dividend of the shareholders shall be calculated according to the distribution ratio, until single digits, with the below omitted. The total of the small numbers below single digits shall be adjusted from the decimal point number from the largest to the smallest and the account number from the beginning to the end to comply with the total cash dividend distribution.

Chairman: Chen Chien-Chih

General Manager: Liu Chia-Jui

Accounting Manager: Wang Sheng-Hsing

## Attachment IV

### Measures of issuance and conversion of private equity overseas or domestic convertible corporate bonds (tentative)

- I. **Issuing Company:**  
BenQ Materials Corporation (hereinafter referred to as "the Company" or "BenQ Materials").
- II. **Total issuance:**  
We authorize the Board of Directors to, provided the common shares shall be no more than 31,800,000 shares, adopt single or combined measures to conduct follow-up offerings by the issuance of common shares and sponsor insurance of overseas depositary receipts and/or follow-up offering by the issuance of common shares, and/or follow-up offering by private placement of common shares, and/or private placement of overseas or domestic convertible corporate bonds. In conducting the private placement of overseas or domestic convertible corporate bonds (hereinafter referred to as "the Company's bonds"), the converted common shares, within the aforementioned scope of 31,800,000 shares, shall be calculated at the conversion price at the time of the private placement.
- III. **Issuing date**  
Issued once within one year after the approval of the 2023 Annual Shareholders' Meeting.
- IV. **Method of issuance**  
The Company's bonds will be issued in accordance with Article XLIII (6) of the Securities Exchange Act and local laws and regulations of the issuance place. The object of this private placement shall be subject to the personnel restraint prescribed by Article XLIII(6) of the Securities and Exchange Act and shall be strategic investors that bring benefits to the long-term development and competitiveness of the Company, as well as existing shareholders' equity. It is proposed to authorize the Board of Directors to deal with the relevant matters related to the determination of the specific person in its sole discretion. The objective, necessity, and expected benefits of selecting strategic investors are, for the sake of the Company's operational development, to assist the Company's financial, business, production, technology, procurement, management, strategic development, etc., directly or indirectly through strategic investors in order to enhance the competitiveness of the Company, improve operational efficiency and long-term development.
- V. **Types, denominations and issue prices of corporate bonds:**  
The Company's bonds are privately placed registered convertible corporate bonds with a denomination of USD 10,000 or multiples thereof or NT\$ 100,000 or multiples thereof. The issue price shall not be less than 80% of the theoretical price.
- VI. **Coupon interest rate and payment method of corporate bonds:**  
Authorize the Board of Directors to decide based on the status of the financial market.
- VII. **Period of issuance:**  
Not exceeding seven years from the date of issue.
- VIII. **Repayment method:**  
Except for those converted, sold, redeemed, or repurchased and canceled, the Company's bonds shall be repaid in cash at maturity by the Company's bond denomination or with additional interest compensation.
- IX. **Object of conversion:**  
Newly issued ordinary shares of BenQ Materials Corp.
- X. **Conversion:**

1. Conversion period of the Company's bonds: Except for those redeemed, repurchased, canceled, or exercised the conversion right, or those within the restrained period prescribed by the provisions of the issuance contract, the creditors of the Company may request the conversion into common shares of the Company at any time from a specific period after the issuance to a specific period before the maturity of the Company's bonds, in accordance with the relevant laws and regulations and the provisions of the issuance contract.
2. Conversion procedure of the Company's bonds:  
Upon request for conversion, the holder shall apply to the Company for conversion by preparing the "Conversion Notice" together with the bonds and all documents or evidence required by the laws and regulations of the Republic of China.
3. The determination and adjustment of the conversion price of the Company's bonds:  
The conversion price should not be lower than the number calculated by picking one from the days that are one, three, and five business days before the pricing date for the simple arithmetic mean, deducting stock grants ex-rights and ex-dividends, and adding the share price upon capital reduction with reverse ex-rights or a simple arithmetic average of common share closing market prices in 30 business days prior to the pricing date, deducting stock grants ex-rights and ex-dividends, and adding the share price upon capital reduction with reverse ex-rights, then multiply by 80%. For the actual price, it is proposed to the Shareholders' Meeting to authorize the Board of Directors to determine in accordance with relevant laws and regulations. The Board of Directors is authorized to determine the adjustment of the conversion price.
4. Attribution of dividends in the conversion year:  
The bondholders of the Company shall not claim the interests or dividends before the conversion; after the conversion, distributed interests or dividends of the common shares of the issuing company, in accordance with the law, shall be enjoyed, which is the same as that of other common shareholders of the Company.
5. Rights and obligations after conversion:  
Except for the time restraint placed on corporate bonds, as prescribed by Article XLIII(8) of the Securities and Exchange Act, namely, corporate bonds shall not be transferred within three years after delivery, the rights and obligations of the Company's common shares converted shall be the same as those of the original common shares.

XI. **Pre-redemption conditions of the issuing company:**

The Board of Directors is authorized to determine this.

XII. **Conditions for bondholders to sell back:**

The Company may choose not to offer sell-back rights, or after a designated period has elapsed following issuance of the bonds, holders may require the issuer to redeem all or part of these bonds at a price calculated based on certain annual yield.

XIII. **Other important agreed matters:**

The Board of Directors should be authorized to make necessary adjustments to the issuance conditions for the issuance of the Company's bonds and other matters not covered herein, and to deal with them at its sole discretion.

**Attachment V**

**BenQ Materials Corporation**

**Comparison of Provisions Before and After the Amendments to the "Rules of Procedure for Shareholders' Meetings"**

No.	Before amendments	After amendments	Reason for amendments
Article II	Shareholders or agents thereof shall be subject to an attendance check when attending the Shareholders' Meeting, where attendance cards shall be used in replacement of the signature procedure; shares presented by attending shareholders shall be calculated by the number of attendance cards recorded.	Shareholders or agents thereof shall be subject to an attendance check when attending the Shareholders' Meeting, where attendance cards shall be used in replacement of the signature procedure; shares presented by attending shareholders shall be calculated by the number of attendance cards recorded, plus shares represented by the voting rights exercised in writing or electronically.	In compliance with statutory orders and actual needs
Article IV	The session venue of the Shareholders' Meeting shall be a place where the Company is located or where it is convenient for the shareholders to attend and suitable for holding the meeting. Commence time of the session shall be no earlier than 9:00 a.m. or later than 3:00 p.m.	The session venue of the Shareholders' Meeting shall be a place where the Company is located or where it is convenient for the shareholders to attend and suitable for holding the meeting. Commence time of the session shall be no earlier than 9:00 a.m. or later than 3:00 p.m. When the Company convenes a video conference of the Shareholders' Meeting, it shall not be subject to the venue restrictions set forth in the preceding paragraph.	In compliance with statutory orders and actual needs
Article V (1)	(Newly Added)	When the Company convenes a video conference of the Shareholders' Meeting, the following matters shall be stated in the Convening Notice for the Shareholders' Meeting: 1. Methods of shareholders' participation in video conferences and exercising of their rights. 2. Handling of failures in the video conference platform or participation thereof caused by natural disasters, incidents, or other force majeure events, where the following matters shall be included in the least manner: (1) In case of aforementioned persisting failures that cannot be resolved, measures and date of the adjournment or continuation of the session. (2) Shareholders who are not registered to participate in the original Shareholders' Meeting by video conference shall not participate in the adjournment or continuation of the meeting. (3) When convening a Shareholders' Meeting with video assistance, in case of failure in the continuation of the video conference, after deducting the number of shares represented by shareholders attending the Shareholders' Meeting by video conference, if the total of shares represented by the attending shareholders meets the statutory quota, the Shareholders' Meeting shall continue. Shares represented by shareholders participating via video conference shall be included in the total of shares attending the Shareholders' Meeting yet shall be deemed abstentions to	In compliance with statutory orders and actual needs

No.	Before amendments	After amendments	Reason for amendments
		<p>all proposals of the Shareholders' Meeting.  (4) Handling when all resolution results have been announced, yet no provisional motion has been made.  3. When convening a Shareholders' Meeting via video conference, appropriate alternative measures for shareholders who have difficulty participating in the Shareholders' Meeting by video shall be stated.</p>	
Article VII	The Company shall conduct a whole course recording of audio or video during the Shareholders' Meeting, which shall be subject to storage for at least one year.	The Company shall conduct a whole course recording of audio or video during the Shareholders' Meeting, which shall be subject to storage for at least one year. <del>When the Company convenes a video conference of the Shareholders' Meeting, the Company shall record and preserve the registration, login, attendance, questioning, and voting of shareholders, as well as voting results of the Company, and conduct a whole course recording of audio and video during the video conference without interruption, which shall be well kept in the duration, and submitted to entrusted video conference service provider for preservation.</del>	In compliance with statutory orders and actual needs
Article XI	Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder.	Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder. <del>Shareholders who participate via video conference may, after the Chairman calls to order and before its announcement of closing the meeting, bring up questions in texts on the video conference platform of the Shareholders' Meeting, with no more than 2 questions for each proposal, and no more than two hundred words in each question.</del>	In compliance with statutory orders and actual needs
Article XVI	Except otherwise provided in the Company Act of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman. (Newly Added)	Except otherwise provided in the Company Act of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman. When the Company convenes a Shareholders' Meeting via video conference, shareholders participating via video conference shall, after the Chairman calls to order, vote on various proposals and electoral proposals through the video conference platform, which shall be completed before the Chairman's announcement of voting conclusion, and the late shareholders shall be deemed to have abstained. When a Shareholders' Meeting is convened via video conference, a one-time counting of votes shall be conducted after the Chairman	In compliance with statutory orders and actual needs

No.	Before amendments	After amendments	Reason for amendments
		announces the end of the voting, with voting and election results announced.	
Article XX	Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act of Republic of China and the Articles of Incorporation of the Company.	Matters not stipulated in these Rules shall be conducted in accordance with the provisions of the Company Act, the Articles of Association of the Company, and other laws and regulations concerned.	In line with actual needs
Article XXII	This regulation is formulated on March 14, 2000.	This regulation is formulated on March 14, 2000. The first amendment was made on May 31, 2023.	Amendments Added Date



## Attachment VI

### BenQ Materials Corporation Non-competition Restrictions for Directors

Name/ Account Name	Competition Restrictions
Qisda Corporation	Director of AUO Corporation Director of TCI GENE INC. Director of Rapidtek Technologies Inc.
Qisda Corporation Representative: Chen Jian-Zhi	Chairman Representative of Web-Pro Corporation
Ye Fu-Hai	Independent Director of Senao International Cp., Ltd.
Liu Jun-Lin	Vice President of Taipei Branch, China Medical University Hospital Attending Physician, Department of Neurosurgery, China Medical University Hospital

## Appendix I

### Shareholding of Directors

- I. The Company's paid-up capital amounted to NT\$ 3,206,745,140, accounting for a total of 320,674,514 shares. According to Article XXVI of the Securities and Exchange Act, the minimum number of shares to be held by all directors amounted to 12,826,980 shares.
- II. According to Article II of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies", if a public company has elected two or more independent directors, the share ownership for all directors and supervisors other than the independent directors shall be decreased to 80%. In addition, if the Company has set up an Audit Committee in accordance with this law, the regulations, concerning shares held by the supervisors not being less than a specific ratio, shall not apply.
- III. As of April 2, 2023, the closing date of the Annual Shareholders' Meeting, the actual shares held by all directors (excluding independent directors) of the Company amounted to 129,087,453 shares, accounting for 40.25% of the total number of shares of the Company. The actual individual shareholding of directors is shown as follows:

			April 02, 2023	
Position	First and last name		Shareholding (shares)	Shareholding Ratio (%)
Director	Chen Jian-Zhi	Representative of Qisda Corporation	43,659,294	13.61
Director	Li Kun-Yao		4,580,396	1.43
Director	Liu Jia-Rui	Representative of Qisda Corporation	43,659,294	13.61
Director	Chen Chi-Hong	Representative of Qisda Corporation	43,659,294	13.61
Director	Li Wen-De	Representative of BenQ Corporation	80,847,763	25.21
Independent Director	Ye Fu-Hai		0	0
Independent Director	Lu Yu-Yang		0	0
Independent Director	Wang Gong		0	0
Subtotal			129,087,453	40.25%

- IV. The number of shares held by all the directors has reached the legally stipulated ownership of shares.

## Appendix II

### Rules of Procedure for Shareholders' Meetings (Before Amendments)

Settled at the regular shareholders meeting on March 14, 2000

- (I) The Rules and Procedures for Shareholders' Meeting are amended in accordance with the "Rules Governing the Conduct of Shareholders Meetings by Public Companies" promulgated by the Securities and Futures Commission (86) Ministry of Finance (3) No.04109.
- (II) Shareholders or agents thereof shall be subject to an attendance check when attending the Shareholders' Meeting, where attendance cards shall be used in replacement of the signature procedure; shares presented by attending shareholders shall be calculated by the number of attendance cards recorded.
- (III) Attendance and voting at the Shareholders' Meeting shall be calculated on the basis of shares.
- (IV) The session venue of the Shareholders' Meeting shall be a place where the Company is located or where it is convenient for the shareholders to attend and suitable for holding the meeting. Commence time of the session shall be no earlier than 9:00 a.m. or later than 3:00 p.m.
- (V) V, The Shareholders' Meetings shall be convened by the Board of Directors, and the Chairman shall be the Chairman of the Board of Directors. In case the Chairman takes leaves or is unable to exercise its powers, the Vice Chairman shall act on the Chairman's behalf. In case there is no designated agent, an agent shall be elected by the Directors; When a Shareholders' Meeting is convened by a convener with convening power that is other than a member of the Board of Directors, the Chairman of the Shareholders' Meeting shall be the convener.
- (VI) The Company shall appoint the designated counsel, Certified Public Accountant, or other related personnel to attend the Shareholders' Meeting.
- (VII) The Company shall conduct a whole course recording of audio or video during the Shareholders' Meeting, which shall be subject to storage for at least one year.
- (VIII) The Chairman shall call to order when scheduled for the session. The Chairman shall announce a postponement of the session only when the attending shareholders fail to represent over 50% of the outstanding shares, with the postponements limited to two times at the most and no longer than one hour in the aggregate. In case of insufficiency, yet attending shareholders represent more than one-third of the total outstanding shares of the Company, tentative resolutions may be made in accordance with §1, Article CLXXV of the Company Act; In case during the session, the shares represented by the attending shareholders constitute the quorum, namely 50% of outstanding shares of the Company, the Chairman shall propose the tentative resolutions made to the Shareholders' Meeting for approval, in accordance with Article CLXXIV of the Company Act.
- (IX) The Shareholders' Meetings shall be convened by the Board of Directors, with the agenda of the Meeting set by the Board of Directors; The Meeting shall proceed in accordance with the agenda unless otherwise resolved by the Shareholders' Meeting; During the Meeting, the Chairman may set time and announce intermission appropriately; The Chairman shall not announce adjournment unless the session is terminated; After adjournment, the shareholders shall not designate any other person as Chairman and continue the session in the same place or another place.
- (X) When a shareholder present at the Meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's number, and the name of the shareholder. The sequence of speeches by shareholders should be decided by the Chairman. If any shareholder presenting the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder; In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail; Unless otherwise permitted by the Chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder. Otherwise, the Chairman shall stop such interruption.
- (XI) Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder

violates this provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder.

- (XII) Any legal entity designated as an agent by a shareholder to be present at the Meeting may appoint only one representative to attend the Meeting. In case two or more legal entities are designated by a shareholder, only one representative may speak for each discussion topic.
- (XIII) After the speech of a shareholder, the Chairman may respond or appoint an appropriate person to respond.
- (XIV) The Chairman may announce to end the discussion of any discussion item and go into voting if the Chairman deems it appropriate.
- (XV) The personnel to monitor and count the ballots shall be appointed by the Chairman, provided being a shareholder. The result of voting shall be announced at the Meeting and recorded in the minutes of the Meeting.
- (XVI) Except otherwise provided in the Company Act of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman.
- (XVII) If there is amendment to or substitute for a discussion item, the Chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any of them has been adopted, the other shall be deemed vetoed and no further voting is necessary.
- (XVIII) The Chairman may require or supervise the disciplinary officers or the security guards to assist in keeping the order in the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officer" for identification purposes.
- (XIX) In case of incident due to force majeure, the Chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- (XX) Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act of Republic of China and the Articles of Incorporation of the Company.
- (XXI) The Rules and Procedures shall become effective upon the approvals of the Shareholders' Meeting. The same shall apply to amendments to the Rules and Procedures.

## Appendix III

### BenQ Materials Corporation Articles of Association

#### Chapter I General Principles

- Article I The Company is established in accordance with the Company Act of the Republic of China (the "Company Act"), and the Company's English name is BenQ Materials Corp.
- Article II The scope of business of the Company shall be as follows:
- |       |         |  |
|-------|---------|--|
| I.    | CC01110 | Computer and peripheral equipment manufacturing  |
| II.   | F401010 | International Trade  |
| III.  | CC01080 | Electronic parts and components manufacturing business                                 |
| IV.   | C801100 | Synthetic resin and plastic manufacturing  |
| V.    | C801990 | Other Chemical Materials Manufacturing   |
| VI.   | F219010 | Retail Sale of Electronic Materials  |
| VII.  | CC01120 | Data storage media manufacturing and reproduction industry                             |
| VIII. | C802160 | Adhesive tape manufacturing  |
| IX.   | CF01011 | Medical Materials and Equipment Manufacturing  |
| X.    | C801030 | Precision chemical material manufacturing  |
| XI.   | IG01010 | Biotechnology service industry   |
| XII.  | CC01090 | Battery manufacturing  |
| XIII. | F108031 | Medical equipment wholesale industry   |
| XIV.  | F208031 | Retail sale of Medical Equipment   |
| XV.   | ZZ99999 | In addition to licensed business, business that is not prohibited or restricted by law |
- In addition to licensed business, business that is not prohibited or restricted by law
- Article III Endorsement and guarantee by the Company to external parties due to business or investment reasons.
- Article IV The total amount of the Company's reinvestment shall not be restricted by Article XIII of the Company Law.
- Article V The Company is located in Taoyuan City. When necessary, the Company may establish or set branches and offices in other appropriate locations, upon resolutions by the Board of Directors.
- Article VI The Company's announcement method is in accordance with the provisions of Article XXVIII of the Company Act.

#### Chapter II Shareholding

- Article VII The Company's total capital is set at NT\$ (similarly hereinafter) 4.8 billion only, divided into 480 million shares, NT\$ 10 per share, and shall be issued in installments upon the resolution of the Board of Directors. 15 million shares are reserved in the aforementioned total shares as shares for issuing employee stock option certificates. Upon consent from shareholders that represent over 50% of the Company's outstanding shares, while at least 2 thirds of the voting rights by the attending shareholders in the Shareholders' Meeting voted consent, the Company may issue employee share options at a share price lower than the market price or transfer them to the employees at a price less than the average actual share repurchase price.
- Article VII(1) The Corporation's treasury shares acquired under the Company Act may be transferred to the employees of the controlled or subordinate companies who meet certain criteria.

Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive share subscription warrant of the Company. When the Company issues new shares, eligible employees who can subscribe to the shares shall include employees of controlling or subordinate companies that meet certain criteria. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive new shares issued by the Company.

Article VIII The share certificates of the Company shall be all in registered form, with the signature or seal of the director who represents the Company affixed, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The Company may deliver shares by book-entry method in accordance with relevant rules and regulations, without printing share certificate(s); the same applies to other securities issuance.

Article IX The renaming and transfer of the Company's shares shall be suspended within 60 days prior to the Annual Shareholders' Meeting, within 30 days prior to the Extraordinary Shareholders' Meeting, or within 5 days prior to the base date on which the Company decides to distribute dividends and bonuses or other gains.

### **Chapter III Shareholders' Meetings**

Article X The Company's Shareholders' Meeting is divided into two types: regular meetings and extraordinary meetings. Regular meetings are convened by the Board of Directors within 6 months after the end of each fiscal year. Extraordinary meetings are convened according to law when necessary.

The meeting of the shareholders of the Company may be held by videoconference or other means announced by the central competent authority.

Article XI Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a Shareholders' Meeting, the shareholder may designate an agent through the form issued by the Company, setting forth the scope of authorization by signing and affixing the seal thereof on the proxy form. Except for trust enterprises or other stock agencies approved by the securities Regulators, when a person is designated as a proxy by more than two shareholders, in case the proxy's voting rights represent in excess of 3% of the total issued shares of the Company shall not be considered. The exercise and revocation of the entrustment letter set forth in the preceding paragraph shall be handled in accordance with the provisions of laws and regulations.

Article XI (1) This article has been deleted.

### **Chapter IV Board of Directors and Audit Committee**

Article XII The Company's directors shall be restrained to 7 - 11 directors, with three-year terms, and shall be elected by the Shareholders' Meeting from the list of candidates for directors, and eligible for re-election upon election. The total number of shares of the Company held by all directors shall not be less than the number prescribed by the Regulator according to law.

The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure.

With regard to the remuneration of the directors of the Company, the Board of Directors shall be authorized to negotiate and determine with consideration of director's contribution extents and values in the operations of the Company and the remuneration level of peers in the industry.

Article XIII The directors of the Company shall be elected under a candidate nomination system. The

directors referred to in this constitution include independent directors. Unless otherwise stipulated by laws and regulations, shareholders shall enjoy one vote per share.

The Company's directors hereinbefore, are subject to a quote of three at least, to be elected under a nomination system from the list of candidates for independent directors by the Shareholders' meeting. Relevant professional qualifications of independent directors, shareholding, part-time job restrictions, name and method of election, and other matters to be complied with shall be conducted in accordance with the relevant laws and regulations.

Independent directors and non-independent directors of the Company shall be elected together, with election results calculated respectively.

Article XIII (1) The Company has established an Audit Committee in accordance with the Securities and Exchange Act, which is composed of all independent directors, one of whom serves as the convener, and at least one of whom should be equipped with professional knowledge in accounting or finance.

The resolution of the Audit Committee shall be agreed upon by more than half of all members.

Article XIII (2) The Audit Committee established by the Company in accordance with the law is responsible for the implementation of the Company Act, Securities and Exchange Act, other laws and regulations, as well as the Company's Articles of Association and supervisory authority regulated by various measures.

Article XIII (3) This article has been deleted.

Article XIV The Chairman of the Board shall be elected by and among the directors by a majority of directors present at a meeting attended by more than two-thirds of directors. The Chairman of the Board shall externally represent the Company.

Article XV Where the Chairman is unable to attend a Shareholder's Meeting to exercise its powers, the representative thereof may conduct in accordance with Article CCVIII of the Company Act. Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy. Each director may act as an agent for one other director only.

The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

#### **Chapter V President & Vice Presidents**

Article XVI The Company shall have one or more managerial personnel. Appointment, dismissal, and remuneration of the president and vice presidents shall be subject to the provisions of the Company Act.

#### **Chapter VI Accounting**

Article XVII The Company's fiscal year lasts from January 1 of each year, to December 31 of the same year.

Article XVIII After the end of each fiscal year of the Company, the Board of Directors shall prepare and submit the following documents: (I) the business report, (II) financial statements, (III) proposals for allocation of earnings or recovery of loss to the Audit Committee for review 30 days before the Annual Shareholders' Meeting. The Audit Committee shall issue a report to the Annual Shareholders' Meeting for recognition.

Article XIX If the Company has annual profits, it shall allocate 5% to 20% for employee remuneration and no more than 1% for director remuneration. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The Company may allocate employee's remuneration prescribed in the preceding

paragraph in the form of stock or cash to employees of the parent company or subsidiary meeting certain conditions.

The Board of Directors or the person duly designated thereof shall be authorized to decide the conditions and allocation method.

Article XIX (1) If the Company has any earnings in its annual general accounts, it shall pay taxes and make up the past losses first and then conduct a withdrawal accounted for 10% as the statutory surplus reserve, the Board of Directors shall propose a profit distribution proposal and submit it to the Shareholders' Meeting for resolution.

If the aforementioned profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the Shareholders' Meeting.

Article XIX (2) The Company may, in accordance with § 2, Article CCXLI of the Company Act, allocate new shares or cash with statutory surplus reserves or capital reserves. When the aforementioned reserves are to be distributed in cash, the Board of Directors shall be authorized to report it to the Shareholders' Meeting.

Article XX As the Company is a technology- and capital-intensive enterprise in its growth phase, it has adopted the remaining earnings appropriation method as its dividend policy to meet long-term capital needs and cash requirements of stockholders, thereby maintaining continuous development and the going concern. When there is a surplus in the Company's annual final accounts, tax shall be paid in accordance with the provisions of Article XIX(1), to make up for the previous losses; followed by a reserve of 10% as the statutory surplus reserve; in case of surplus after the conversion into the special surplus reserve, the dividend distribution shall not be less than 10% of the surplus previously calculated. When dividends are distributed, in order to consider the needs of future expansion of the scale of operations and cash flow, the proportion of annual cash dividends shall not be less than 10% of the combined cash and stock dividends of the current year.

## **Chapter VII Supplementary Articles**

Article XXI With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.

Article XXII The Articles of Association were established on July 3, 1998; the first amendment was made on August 30, 1998;

The second amendment was made on September 10, 1998; the third amendment was made on October 9, 1998;

The fourth amendment shall be made on March 14, 2000; the fifth amendment shall be made on August 25, 2000;

The sixth amendment was made on May 8, 2001; the seventh amendment was made on April 23, 2002;

The eighth amendment was made on May 21, 2003; and the ninth amendment was made on May 18, 2004;

The tenth amendment was made on May 18, 2004; and the eleventh amendment was made on May 18, 2006;

The twelfth amendment was made on May 22, 2007; and the thirteenth amendment was made on November 16, 2007;

The fourteenth amendment was made on May 30, 2008; and the fifteenth amendment was made on June 10, 2009;

The sixteenth amendment was made on June 9, 2010; the seventeenth amendment was made on June 15, 2011;



The eighteenth amendment was made on June 21, 2012; the nineteenth amendment was made on June 24, 2015;

The twentieth amendment was made on June 14, 2016; the twenty-first amendment was made on June 19, 2019;

The twenty-second amendment was made on June 18, 2020; the twenty-third amendment was made on June 16, 2022

## Appendix IV

### BenQ Materials Corporation Rules of Election for Directors

- Article I : The election of the Directors of the Company shall be conducted in accordance with these Procedures, unless otherwise regulated by the statute or the Articles of Association.
- Article II : The election of the Directors of the Company shall be held at the Shareholders' Meetings.
- Article III : The election of the Directors of the Company shall be based on a cumulative voting system.
- Article IV : In the election of the Directors of the Company, each share shall enjoy equal rights to other shares that make the number of the Directors to be elected according to its voting rights. One person may be elected collectively, or a number of people may be allocated for election. Those who receive more votes, representing more voting rights, are elected as directors.
- Article V : The directors of the Company shall be elected by the Shareholders' Meeting from the list of candidates for directors. The winners shall be elected in accordance with the number of candidates specified in the Articles of Association of the Company, and in accordance with the results of vote counting, the elected representatives shall elect the larger number of votes, and they shall be elected as independent directors and non-independent directors respectively. In case of two or more persons acquire the same number of votes in excess of the prescribed quota, the drawing of votes shall be decided by the persons entitled to the same votes, and in the absence of such persons, the drawing of votes shall be implemented by the Chairman on the behalf.
- If the Company has independent directors, the votes of the Directors shall be elected according to the independent directors and non-independent directors, and the votes shall be counted and elected separately.
- Article VI : Candidates may only select one from the director or supervisor, and participate in the election as a candidate of the selected title.
- Article VII : When the Board of Directors prepares the vote, the number of voting rights shall be added. The vote boxes are prepared by the Board of Directors and inspected in front of the public by the overseers before voting.
- Article VIII : At the beginning of the election, the Chairman shall appoint the overseers and counting officers to monitor and count votes.
- Article IX : The Company shall, prior to the close date before the Shareholders' Meeting, announce the period for nomination, the number of directors to be elected, their venue of acceptance, and other necessary matters.
- The election of the Directors of the Company adopts a nomination system of candidates. Members of the Board of Directors of the Company or shareholders holding more than 1% of the total issued shares may provide a list of recommended directors for the next term in accordance with the provisions of the Company Act.
- The election eligibility of the Directors of the Company shall be handled in accordance with the relevant laws and regulations.
- Article X : Shareholders shall be elected from the list of candidates for the Directors.
- If the candidate is a shareholder, the shareholders who vote for a such candidate shall fill in the candidate's account name and shareholder account number in the candidate field; if the candidate is not a shareholder, the candidate's name and ID number shall be filled in. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the field for the candidate's account name in the voting paper, or both the name of the government organization or corporate shareholder and the name of its representative may be entered; when there are multiple representatives, the names of each representative shall be entered.

- Article XI : Votes shall go invalid under either of the circumstances as follows:  
I. Those who do not use the votes stipulated in these Measures.  
II. Blank Votes  
III. In blurry handwriting or illegible due to alteration.  
IV. The name stated on notes do not match the published list of candidates.  
V. Other words or symbols are mixed, in addition to the matters stipulated in Article X.  
VI. Failing to fill in, or fill in incompletely, in accordance with Article X.  
VII. One vote contains the names of two or more candidates.
- Article XII : After the completion of voting, the votes shall be counted on the spot. Upon the confirmation by the Supervisor, the Chairman shall announce the voting result and winning directors.
- Article XIII : This Procedure shall be implemented upon the Resolution of the Shareholders' Meeting, with same rule applying to amendments thereof.
- Article XIV : These implementing measures were formulated on April 23, 2002  
The first amendment was made on May 18, 2006  
The second amendment was made on May 22, 2007  
The third amendment was made on June 09, 2010  
The fourth amendment was made on June 21, 2012



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