

BenQ Materials Corporation 2024 Annual Shareholders' Meeting

Meeting Time: 9:00 a.m. on Thursday, May 30, 2024

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

Convening Method: physical Shareholders' Meeting

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I. Reports Items:

(I) 2023 Annual Business Report

In 2023, the overall political and economic situation is unstable, and the economic recovery of many countries and regions is slow. We are in a time of rapid change. Under the impact of wars, pandemics, natural disasters, and inflation, many industries are constantly facing the shock of rise and fall, and the terminal consumer market of the panel industry has not yet fully recovered. All these factors cause great pressure on our profits. In 2023, the consolidated revenue of BenQ Materials Corp. was NT \$17.1 billion, net profit after tax was NT \$410 million, and the earnings per share after tax were NT \$1.29.

In the past, we continued the transformation, successfully transforming from compact discs to display materials, and continued to expand the diversified business strategy of multi-product, multi-application and multi-technology. The medical industry has begun to take shape, the growth and transformation of consumer medical materials in recent years is obvious to all, and the expansion of overseas markets has also achieved good results. Professional medical materials have also achieved preliminary success in MD&M exhibition and various giant medical materials manufacturers. Subsidiaries such as Web-Pro, Cenefom, SIGMA and GeneJet have played their respective advantages and entered the important supply chains of giant international medical materials manufacturers. With its research and development strength in materials, BenQ Materials Corp. grows together with these top medical materials companies. Next, we will continue to deeply cultivate in medical personnel to gain more experience from the application side. What's more, display materials are also facing the transformation, and we continue to strengthen our investment in technology and advanced products. After experiencing the explosion of IT during the COVID-19 pandemic, OLED is replacing LCD as the mainstream display technology. Applications after the COVID-19 pandemic have also evolved from the home office to the cockpit. Therefore, it is necessary for BenQ Materials Corp. to focus on automotive customers and high-end applications to provide products and services that customers need.

In recent years, the importance of ESG has been constantly emphasized. BenQ Materials Corp. adheres to the concept of sustainable management and leads everyone to practice ESG together. Therefore, in 2023, it won the Taiwan Corporate Sustainability Award, the Asia-Pacific Sustainability Action Award, and the Asia Responsible Enterprise Award. In addition, for the first time, it won the Platinum Award, the highest honor in the Corporate Sustainability Report Award. In terms of energy transition, carbon reduction has become a prerequisite for the survival of the company. From carbon pricing to energy saving and carbon reduction, from product definition and design to manufacturing, we take energy consumption and carbon footprint as important considerations to continuously improve sustainability actions.

Looking forward to 2024, under the shadow of geopolitics and inflation, it may be the most difficult moment for the international economy. However, it may also be the starting point of another wave of economic recovery. BenQ Materials Corp. must respond and adjust quickly to changing conditions. Giants can not necessarily always keep strong, and only the fittest could survive. Continue to pursue excellence, BenQ Materials Corp. will move forward constantly. Here, we look forward to the continuous support of our shareholders to jointly create the Company's sustainable development.

Season's greetings

Chairman:
Chen Zhien-Chi



General Manager:
Liu Jia-Reuy



Accounting Manager:
Wang Shen-Hsing



(II) Audit Committee's Review Report

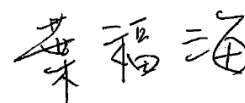
The Company's Board of Directors has prepared annual financial statements for 2023. Entrusted by the Board of Directors, an audit report has been issued by Tang Ci-Jie and Kao Ching-Wen, two accountants of KPMG Taiwan. Upon review, the Audit Committee believes that the financial statements, business 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 Corporation 2024 Annual Meeting of Shareholders

Convener of the Audit Committee:

February 22, 2024



(III) Report on the Distribution of Employees' and Directors' Remuneration in 2023

On February 22, 2024, the resolution of the Board of Directors of the company was passed, and the amount of employee remuneration and directors' remuneration distributed in cash shall be NT\$ 52,738,969 and NT\$ 3,955,423, respectively.

(IV) Report on Earnings Distribution in 2023 - 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 2023, and the cash dividend of common shares amounted to NT\$ 1.2 per share.
- III. The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar, 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 May 31, 2023, the Company passed the Ordinary Shareholders' Meeting authorizing the Board of Directors to deal with the cash increase in issue of ordinary shares within the limit of 31,800,000 ordinary shares to participate in the issue of overseas depository receipts and/or cash increase in issue of ordinary shares and/or cash increase in issue of private ordinary shares and/or private overseas or domestic convertible corporate bonds.
- II. In case of any incomplete fund-raising hereinabove by the last day of the 2024 annual meeting of shareholders, it shall be annulled on the date of the 2024 annual meeting of shareholders.

II. Ratification and Discussion Items:

Proposal I

Subject: Recognition of 2023 Financial Statements and Business Report. (Proposed by the Board of Directors)

Explanation: The Company prepared its financial statements for the year 2023. Entrusted by the Board of Directors, an audit of the financial statements has been conducted by Tang Ci-Jie and Kao Ching-Wen, 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, 2023, as well as financial performance and cash flow conditions for the year 2023. The business report is hereby attached for your recognition. For financial statements, please refer to Attachment I (P.11 to P.32).

Resolution:

Proposal II

Subject: Recognition of 2023 Earnings Distribution. (Proposed by the Board of Directors)

Explanation: The Company's Statement of 2023 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 II (P.33).

Resolution:

Proposal III

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 issue price of the overseas depositary receipts will be determined by reference to (a) the closing price of the common shares of the Company on the Price Adoption Date, or (b) the average closing price of the common shares of the Company calculated one, three, or five business days prior to the Price Adoption Date ((a) or (b) 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 above reference price and actual issuance price are determined in accordance with the issuance market practice and laws and regulations, and the proposed common shares, if calculated at the upper limit of 31,800,000 shares, account for 9.92% of the company's outstanding common shares, and the actual issuance price should not be lower than the reference price before 90% after deduction of free allotment or capital reduction ex-rights and ex-dividends, it will not cause significant dilution of the original shareholders' equity. Therefore, the issue price of overseas depositary receipts should be set reasonable and will not have a significant impact on the equity of the original shareholders.
 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 face value of the capital increase is NT\$10 per share, and the actual issue price will be in accordance with the relevant provisions of the "Self-regulatory rules for underwriter members of the Taiwan Securities Association of the Republic of China to guide issuing companies to raise and issue securities", and to authorize the chairman to negotiate with the underwriters to submit it to the competent authority for review before 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 Article XXVIII(1) of the Securities and Exchange Act, it is proposed to request the shareholders' meeting to agree that the original shareholders will give up their right to subscribe firstly based on the original share ratio, and the full allocation will be allocated through the inquiry circle purchase and sale. 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 for the subscription price of the private common shares shall be calculated on the basis of one, three or five business days before the pricing date and the simple arithmetic average of the closing price of the common shares of the 30 business days prior to the pricing date, minus the ex-rights and dividends of the free allotments, plus the stock price after the ex-rights of the capital reduction, taking the higher one as the reference price
 - (2) With respect to the subscription price of the Private Placement Ordinary Shares, the Company intends to request the Board of Directors to authorize the Board of Directors to determine the private placement price based on no less than 80% of the reference price, and the issue price of the Private Placement Convertible Bonds shall be no less than 80% the theoretical price. The actual price shall be within the percentage range of no less than the number of resolutions of the Board of Shareholders, and the Company intends to request the Board of Directors to authorize the Board of Directors to determine the specific person situation and market conditions according to the future.
 - (3) The subscription price of the aforementioned private common shares and the price of private conversion corporate bonds are determined by reference to the company's share price and theoretical price respectively, and are in accordance with the provisions of the matters requiring attention of publicly issued companies when conducting private placement securities, and are

- subject to the three-year transfer restriction stipulated by the Act, so they should be reasonable.
2. The manner, objective, necessity, and expected benefits of selecting a specific person:
 - (1) The investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article XLIII(6) of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights.
 - (2) The purpose, necessity and expected benefits for choosing the strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development and it should be positively beneficial to shareholders' equity.
 - (3) The company currently does not have a specific person that has been negotiated, and it intends to authorize the Board of Directors to handle matters related to the specific person.
 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. For this private placement of marketable securities, the board of directors is authorized to apply to the Taiwan Stock Exchange for a Letter of Approval that meets the listing standards after three years from the delivery date of the private placement, and subsequently report to the competent authority for the supplementary issuance and the application for listing transactions.
 5. For the issuance and conversion measures for the private placement of convertible corporate bonds (tentative), please refer to Attachment III (P.34 - P.36).
- 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 cash capital increase issuance of common shares to participate in the issuance of overseas depository receipts, cash capital increase issuance of common shares, cash capital increase private placement common shares, private placement conversion corporate bonds and the exchange of common shares are all issued or delivered in a non-physical manner. Except for privately placed securities that are subject to transfer within three years period after delivery in accordance with Article XLIII(8) of the Securities and Exchange Act,

the rights and obligations of common shares issued or privately placed (including common shares exchanged for corporate bonds in private placement) are the same as those of the original common shares.

- V. The price of per share for the ordinary shares issued by cash capital increase to participate in the issuance of overseas depository receipts, the issuance of ordinary shares by cash capital increase, the price per share of private ordinary shares for cash capital increase, and the conversion price of privately placed overseas or domestic convertible corporate bonds, if the price is lower than that in response to market situation changes, and Reasons for not adopting other financing methods in order to issue at a lower par value in response to market changes: It is mainly based on the consideration of the company's stable operation and financial structure safety, and the use of equity-related financing tools is more appropriate than other methods of pure liability. Fund-raising methods such as issuing new common shares and overseas depository receipts through cash capital increase, issuing new shares through cash capital increase, and conducting private placement of common shares through cash capital increase do not incur any interest for liabilities, reduce the Company's financial risk, and immediately enhance the Company's financial structure and the flexibility of the Company's financial allocation. As for private placement of overseas or domestic corporate bonds, if investors convert the bonds into shares, this can improve the Company's financial structure and benefit the Company's long term development. Thus, it should be reasonable for the Company to use the fund-raising instruments related to equity. If the price per share and the conversion price are lower than the face value, such would be expected to reduce the Company's book value of capital surplus and retained earnings. In such case, the Company would, depending on the actual operating conditions in the future, make up for the losses. The issue price and conversion price will be determined in accordance with the competent authority's relevant regulations. After efficiency of the capital increase becomes apparent, the Company's financial structure will be effectively improved, which would be favorable to the Company's long-term development and would not have adverse impact on the rights and benefits of shareholders.
- VI. This cash capital increase issuance of common shares participates in the issuance of overseas depository receipts, cash capital increase issuance of ordinary shares, cash capital increase private placement common shares and private placement conversion corporate bonds, after the resolution of the shareholders meeting is passed, the issuance or private placement conditions and private placement of this capital raising, to change the issuance and conversion method of corporate bonds, capital utilization plan, capital use, scheduled progress, expected benefits and other related matters, etc., it is proposed to request the shareholders' meeting to authorize the board of directors to formulate, adjust and deal with them at its sole discretion based on the company's actual needs, market conditions and relevant laws and regulations. In the future, if changes or amendments are required due to changes

in laws or regulations or instructions from the competent authority, 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 of the board or a person designated by him to handle all relevant cash capital increase issuance of ordinary shares on behalf of the company to participate in overseas depository receipts, cash capital increase issuance of common shares, cash capital increase private common stocks, and private equity conversion of corporate bonds related matters and sign relevant contracts and documents.

VIII. The Board of Directors shall be authorized to deal with any matters not covered herein in accordance with relevant laws and regulations.

Resolution:

III. Extempore Motions:

IV. Meeting Adjourn

Attachment I

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

To: The Board of Directors of BenQ Materials Corporation,

Opinions on the audit

We have audited the Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries (the BenQ Corporation) as of December 31, 2023 and 2022, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of BenQ Materials Corporation and subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the annual periods ended December 31, 2023 and 2022 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as 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.

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 Corporation as required by The Norm of Professional Ethics for Certified Public Accountant 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 2023 Consolidated Financial Statements of BenQ Materials Corporation 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:

1. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 (8) of the Consolidated Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Consolidated Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 (6) of the Consolidated 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 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 Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been handled in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

2. Business mergers

For the accounting policies of business mergers, please refer to Note 4 (21) of the Consolidated Financial Statements; For the description of important accounting items in business mergers, please refer to Note 6 (9) of the Consolidated Financial Statements.

Description of Key Audit Matters:

On January 3, 2023 (the merger date), the BenQ Materials Group acquired a 51% equity stake in Web-Pro Co., Ltd. (hereinafter referred to as Web-Pro) from its shareholders for a total amount of NT\$3,161,999 thousand. This transaction conferred control over Web-Pro to the BenQ Materials Group. In accordance with the accounting treatment for business mergers, the management must determine the fair value of the identifiable assets acquired and the liabilities assumed. This process involves various assumptions and estimates and is complex. Therefore, the business merger in this period represents one of the important evaluation items for the auditors to consider when performing the audit of the BenQ Materials Group's 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 equity purchase agreement signed by both parties to understand the scope of the acquisition and the agreed purchase price; verifying the payment of the transaction price has been duly paid by examining the bank statements; obtaining reports on the fair value assessment of the properties and intangible assets, as well as the allocation of the purchase price, which were conducted by external experts and were commissioned by the management; assessing the reasonableness of the assets and liabilities identified by the

management on the merger date and their valuation; engaging external experts to review the fair value valuation report of the properties and assess the reasonableness of the valuation approaches, relevant parameters, and price determination rationale adopted in the report; engaging the firm's valuation specialists to assess the reasonableness of the valuation approaches and significant assumptions adopted in the fair value assessment of intangible assets; Additionally, the auditor evaluated the accuracy of the accounting entries made by the BenQ Materials Group and ensured proper disclosure of relevant information regarding the acquisition.

Other Matters

BenQ Materials Corporation has also compiled Individual Financial Statements for 2023 and 2022, and they have also received an unqualified audit opinion from our CPA for your 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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as 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, 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 preparing for the Consolidated 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 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

Our objectives are to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Consolidated Financial Statements. 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 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 necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as 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 that 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 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 Corporation 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.

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 Corporation.

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

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant 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).

From the matters communicated with those charged with governance, we determined the key audit matters of the Consolidated Financial Statements of BenQ Materials Corporation of 2023. 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

CPA:

唐慈杰
高靚玟



Approved audit number : FSC (6) No. 0940100754
FSC (audited) No. 1060005191

February 22, 2024

Notice to Readers

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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 619,690	3	653,134	5
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	65,296	-	17,316	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 (3))	63,840	-	54,549	-
1170	Notes and accounts receivable, net amount (Note 6 (4) and (23))	2,201,073	11	2,156,403	16
1180	Notes and accounts receivable - related parties net amount (Note 6 (4), (23) and 7)	930,453	5	853,146	6
1200	Other receivables (Note 6 (4), (5) and 7)	80,207	-	141,119	1
1210	Other receivables - related parties (Note 6 (5) and 7)	54	-	10	-
1310	Inventories, net amount (Note 6 (6))	3,391,895	16	2,719,984	20
1479	Other current assets	291,301	2	209,242	2
1476	Other financial assets - current (Note 8)	766,092	4	52,052	-
Total current assets		8,409,901	41	6,856,955	50
Non-current assets:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	96,007	1	96,504	1
1550	Investments accounted for using equity method (Note 6 (8))	465,829	2	480,749	4
1600	Property, plant, and equipment (Note 6 (11), 7, and 8)	10,107,104	49	5,064,453	37
1755	Right-of-use asset (Note 6 (12))	774,207	4	569,198	4
1760	Net investment property (Note 6 (13))	147,051	1	161,272	1
1780	Intangible assets (Note 6 (9), (14) and 7)	200,380	1	141,383	1
1840	Deferred tax assets (Note 6 (20))	268,075	1	262,820	2
1920	Guarantee deposits paid	16,367	-	26,268	-
1980	Other financial assets - non-current (Note 8)	9,252	-	-	-
1995	Other non-current assets (Note 6 (19))	63,605	-	44,966	-
Total non-current assets		12,147,877	59	6,847,613	50
Total assets		\$ 20,557,778	100	13,704,568	100

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Current liabilities:					
2100	Short-term borrowings (Note 6 (15))	\$ 1,490,000	7	1,051,460	8
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	-	-	1,800	-
2170	Accounts payable	2,766,212	14	2,541,222	19
2180	Accounts payable - related parties (Note 7)	54,473	-	34,905	-
2200	Other payables (Note 6 (24))	1,503,471	7	1,527,559	11
2220	Other payables - related parties (Note 7)	29,787	-	20,098	-
2320	Long-term borrowings due within one year (Note 6 (16) and 8)	381,943	2	181,486	1
2281	Lease liabilities - current (Note 6 (17))	11,218	-	7,787	-
2282	Lease liabilities - related parties - current (Note 6 (17) and 7)	93,401	1	91,746	1
2399	Other current liabilities (Note 6 (23))	183,486	1	170,683	1
Total current liabilities		6,513,991	32	5,628,746	41
Non-current liabilities:					
2540	Long-term borrowings (Note 6 (16) and 8)	4,416,898	22	1,084,002	8
2570	Deferred tax liabilities (Note 6 (20))	496,575	2	268,184	2
2581	Lease liabilities - non-current (Note 6 (17))	40,419	-	44,595	-
2582	Lease liabilities - related parties – non-current (Note 6 (17) and 7)	289,379	1	382,780	3
2600	Other non-current liabilities (Note 6 (16) and (19))	44,463	-	45,616	-
Total non-current liabilities		5,287,734	25	1,825,177	13
Total liabilities		11,801,725	57	7,453,923	54
Equity (Note 6 (8), (9), and (21)):					
3110	Common stock	3,206,745	16	3,206,745	23
3200	Capital reserve	192,352	1	192,352	2
Retained earnings:					
3310	Legal reserve	540,821	3	414,305	3
3320	Special reserve	68,835	-	103,309	1
3350	Undistributed earnings	1,880,161	9	2,200,624	16
3400	Other equity	(92,684)	(1)	(68,835)	(1)
Total equity attributable to the owners of parent company		5,796,230	28	6,048,500	44
36XX	Non-controlling interests (Note 6 (9), (10), and 6 (21))	2,959,823	15	202,145	2
Total equity		8,756,053	43	6,250,645	46
Total liabilities and equity		\$ 20,557,778	100	13,704,568	100

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023		2022	
	Amount	%	Amount	%
4000 Net sales revenue (Notes 6 (18), (23), 7, and 14]	\$ 17,127,523	100	15,540,465	100
5000 Operating costs (Notes 6 (6), (11), (12), (13), (14), (17), (18), (19), (24), 7, and 12)	(13,944,978)	(81)	(12,462,094)	(80)
Gross operating profit	3,182,545	19	3,078,371	20
Operating expenses (Note 6 (4), (11), (12), (14), (17), (18), (19), (24), 7, and 12)				
6100 Selling expenses	(1,310,999)	(8)	(1,173,756)	(8)
6200 General and administrative expenses	(340,815)	(2)	(321,091)	(2)
6300 Research and development expenses	(939,026)	(6)	(886,717)	(6)
	(2,590,840)	(16)	(2,381,564)	(16)
Net Operating Income	591,705	3	696,807	4
Non-operating income and expenses (Note 6 (7), (8), (16), (17), (25), and 7)				
7100 Interest revenue	30,298	-	3,615	-
7010 Other revenue	70,572	1	21,552	-
7020 Other gains and losses	12,604	-	974,672	6
7050 Financial costs	(122,163)	(1)	(51,570)	-
7370 Shares of profits of associates accounted for using the equity method	47,693	1	110,101	1
	39,004	1	1,058,370	7
Income before income tax	630,709	4	1,755,177	11
7950 Less: Income tax expense (Note 6 (20))	(126,918)	(1)	(470,436)	(3)
Net profit for the period	503,791	3	1,284,741	8
Other comprehensive income (loss):				
8310 Items that will not be reclassified to profit or loss (Notes 6 (19) and (21))				
8311 Remeasurement of defined benefit plans	6,029	-	(5,278)	-
8316 Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	8,794	-	(5,895)	-
8349 Income tax related to items that will not be reclassified	-	-	-	-
	14,823	-	(11,173)	-
8360 Items that may be reclassified subsequently to profit or loss (Notes 6 (8) and (21))				
8361 Exchange differences arising on translation of financial statements of foreign operations	(29,643)	-	24,476	-
8370 Share of other comprehensive income of associates accounted for using the equity method	(11,278)	-	21,171	-
8399 Income tax related to items that may be reclassified	-	-	-	-
	(40,921)	-	45,647	-
Other comprehensive income (loss) for the year	(26,098)	-	34,474	-
8500 Total comprehensive income (loss) for the year	\$ 477,693	3	1,319,215	8
Net profit for the period attributable to:				
8610 Owners of the parent company	\$ 414,352	2	1,295,670	8
8620 Non-controlling interests	89,439	1	(10,929)	-
	\$ 503,791	3	1,284,741	8
Total comprehensive income attributable to:				
8710 Owners of the parent company	\$ 390,503	2	1,330,144	8
8720 Non-controlling interests	87,190	1	(10,929)	-
	\$ 477,693	3	1,319,215	8
Earnings per share (Unit: NT\$) (Note 6 (22))				
9750 Basic earnings per share	\$ 1.29		4.04	
9850 Diluted earnings per share	\$ 1.28		3.97	

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Profit and/or loss attributable to the owners of parent company													
	Retained earnings						Other equity items					Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
	Common stock	Capital reserve	Legal reserve	Special 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 income	Remeasurement of defined benefit plans	Total				
Balance as of January 1, 2022	\$ 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 legal reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-	-	-	
Account for special reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-	-	-	
Cash dividend of common stock	-	-	-	-	(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 period	-	-	-	-	1,295,670	1,295,670	-	-	-	-	1,295,670	(10,929)	1,284,741	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	45,647	(5,895)	(5,278)	34,474	34,474	-	34,474	
Total comprehensive income (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	
Balance as of December 31, 2022	3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500	202,145	6,250,645	
Appropriation and distribution of retained earnings:														
Account for legal reserve	-	-	126,516	-	(126,516)	-	-	-	-	-	-	-	-	
Convert for special reserve	-	-	-	(34,474)	34,474	-	-	-	-	-	-	-	-	
Cash dividend of common stock	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)	-	(641,349)	
Changes in ownership interests in subsidiaries	-	-	-	-	(301)	(301)	-	-	-	-	(301)	301	-	
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(1,123)	(1,123)	-	-	-	-	(1,123)	1,123	-	
Acquisition of partial equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,544)	(4,544)	
Capital contribution by non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	2,016	2,016	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,014,592	3,014,592	
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(343,000)	(343,000)	
Net profit for the period	-	-	-	-	414,352	414,352	-	-	-	-	414,352	89,439	503,791	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(38,672)	8,794	6,029	(23,849)	(23,849)	(2,249)	(26,098)	
Total comprehensive income (loss) for the year	-	-	-	-	414,352	414,352	(38,672)	8,794	6,029	(23,849)	390,503	87,190	477,693	
Balance as of December 31, 2023	\$ 3,206,745	192,352	540,821	68,835	1,880,161	2,489,817	(44,495)	(20,011)	(28,178)	(92,684)	5,796,230	2,959,823	8,756,053	

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flows from operating activities:		
Income before income tax for the year	\$ 630,709	1,755,177
Adjusted items:		
Depreciation expenses	888,897	614,525
Amortization expenses	57,345	56,643
Expected credit losses (reverse benefits)	(13,632)	14,128
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	(49,780)	(18,969)
Interest expenses	122,163	51,570
Interest revenue	(30,298)	(3,615)
Dividend revenue	(3,024)	(1,680)
Shares of profits of associates accounted for using the equity method	(47,693)	(110,101)
Loss (profits) from disposal of property, plant, and equipment	(723)	12,513
Disposal of non-current assets held for sale profits	-	(893,148)
Disposal of investments profits	-	(64,099)
Amortization of deferred expenses transferred to expenses	183,309	152,024
Amortization of syndication fee costs	1,712	3,773
Total adjustments to reconcile profit (loss)	1,108,276	(186,436)
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	243,300	83,518
Accounts receivable - related parties	(20,563)	(198,894)
Other receivables	5,299	(2,413)
Other receivables - related parties	(44)	10
Inventories	(409,206)	87,884
Other current assets	(157,372)	(53,582)
Other non-current assets	(67)	(19)
Total net changes in operating assets	(338,653)	(83,496)
Net changes in operating liabilities:		
Accounts payable	144,789	(599,963)
Accounts payable - related parties	19,568	(13,531)
Other payables	(216,265)	(11,571)
Other payables - related parties	(6,012)	(4,010)
Other current liabilities	10,219	41,580
Net defined benefit liabilities	(1,736)	(1,966)
Other non-current liabilities	(223)	-
Total net changes in related operating liabilities	(49,660)	(589,461)
Total net changes in operating assets and liabilities	(388,313)	(672,957)
Total adjustments	719,963	(859,393)
Cash inflow generated from operations	1,350,672	895,784
Interests received	30,298	3,615
Interests paid	(120,554)	(49,923)
Income tax paid	(166,229)	(460,212)
Net cash inflow from operating activities	1,094,187	389,264

(Continued)

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flows from investing activities:		
Acquisition of Financial assets at fair value through other comprehensive income	\$ -	(92,271)
Disposal of investment using the equity method	-	83,749
Net cash inflows from merger of subsidiaries	(1,781,038)	-
Disposal of non-current assets held for sale profits	-	1,271,725
Acquisition of property, plant, and equipment	(1,501,156)	(1,187,721)
Disposal of property, plant, and equipment	723	615
Decrease in guarantee deposits paid	17,287	2,706
Acquisition of intangible assets	(52,244)	(29,008)
(Increase) decrease in other financial assets	(714,040)	35,032
Increase in other non-current assets	(46,882)	(43,365)
Dividends received	54,359	41,015
Net cash inflow (outflow) from investing activities	(4,022,991)	82,477
Cash flows from financing activities:		
Increase in short-term borrowings	438,540	464,611
Proceeds from long-term borrowings	5,986,200	360,350
Repayments of long-term borrowings	(2,444,480)	(403,364)
Decrease in guarantee deposits received	(2,173)	(12,989)
Repayments of lease principal	(103,645)	(99,874)
Purchase of subsidiaries' equity from non-controlling interests	(4,544)	(5,750)
Issuance of cash dividends	(641,349)	(481,012)
Cash capital increase of subsidiary by non-controlling interest shareholders	2,016	75,045
Cash dividends issued by subsidiaries to non-controlling interests	(343,000)	-
Net cash inflow (outflow) from financing activities	2,887,565	(102,983)
Effect of changes in exchange rates	7,795	6,249
Increase (decrease) in cash and cash equivalents for the year	(33,444)	375,007
Cash and cash equivalents at the beginning of the year	653,134	278,127
Cash and cash equivalents at the end of the year	\$ 619,690	653,134

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

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

We have audited the Balance Sheets of BenQ Materials Corporation as of December 31, 2023 and 2022, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Material Accounting Policies) for the annual period from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the individual financial position of BenQ Materials Corporation as of December 31, 2023 and 2022, and its individual financial performance and cash flows for the annual periods ended December 31, 2023 and 2022 in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

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 Engaged and 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 Accountant 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 2023 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:

1. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 (7) of the Parent Company Only Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Parent Company Only Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 (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 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 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 audit matters 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 assessment of inventory has been in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

2. Acquisition of subsidiaries

Please refer to Note 4 (19) of the Parent Company Only Financial Statements for the accounting policies of business mergers; Please refer to Note 6 (7) of the Parent Company Only Financial Statements for descriptions of material accounting items of the new acquisition of subsidiaries.

Description of Key Audit Matters:

On January 3, 2023 (the merger date), the BenQ Materials Corporation acquired a 51% equity in Web-Pro Co., Ltd. (hereinafter referred to as Web-Pro) from its shareholders by a total amount of NT\$3,161,999 thousand, thereby obtaining control over the company. In accordance with the accounting treatment for business mergers, the management must determine the fair value of identifiable assets acquired and liabilities assumed. This process involves various assumptions and estimates and is complex. Therefore, the new acquisition of subsidiaries in this period represents one of the important evaluation items for us when performing auditing work of the Parent Company Only Financial Statements.

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

Our main audit procedures for the above key audit matters include reviewing the equity purchase agreement signed by both parties to understand the scope of the acquisition and the agreed purchase price; verifying the payment of the transaction price had been duly paid by examining the bank statements; obtaining reports on the fair value assessment of the properties and intangible assets, as well as the allocation of the purchase price, which were conducted by external experts commissioned by the management; assessing the reasonableness of the assets and liabilities identified by the management on the merger date and their valuation; engaging external experts to review the valuation report of the fair value of properties and assess the reasonableness of the valuation approaches, relevant parameters, and price determination rationale adopted in the valuation report; engaging the firm's valuation specialists to assess the reasonableness of the valuation approaches and significant assumptions adopted in the fair value assessment of intangible assets.

Additionally, we evaluated the accuracy of the accounting entries made by BenQ Materials Corporation and ensured proper disclosure of relevant information regarding the acquisition.

The Management's Responsibility and Governing Body of 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 Statements, 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) 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 refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the auditing standards, does not guarantee that a material misstatement(s) will be detected in the Parent Company Only Financial Statements. 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 professional skepticism when performing auditing work in accordance with the 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 necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as 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 that 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.
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. Acquire 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 communicate with those charged with governing body regarding, among other matters, the planned scope and timing of the audit and material audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant 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).

From the matters communicated with those charged with governing body, we determined the key audit matters of the Parent Company Only Financial Statements of BenQ Materials Corporation of 2023. 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

CPA:

唐慈杰
高靚玟



Approved audit number : FSC (6) No. 0940100754

FSC (audited) No. 1060005191

February 22, 2024

Notice to Readers

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

BENQ MATERIALS CORPORATION

Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 291,525	2	347,022	2
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	61,027	-	17,316	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 (3))	63,840	-	54,549	-
1170	Notes and accounts receivable, net amount (Notes 6 (4) and (19))	1,649,510	10	1,902,450	14
1180	Notes and accounts receivable - related parties net amount (Notes 6 (4), (19) and 7)	1,246,040	7	917,223	7
1200	Other receivables (Notes 6 (5) and 7)	77,173	1	138,623	1
1210	Other receivables - related parties (Notes 6 (5) and 7)	7,548	-	1,703	-
1310	Inventories, net (Note 6 (6))	2,815,824	16	2,322,850	17
1479	Other current assets	191,638	1	155,860	1
1476	Other financial assets - current (Note 8)	9,675	-	10,464	-
Total current assets		6,413,800	37	5,868,060	42
Non-current assets:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	96,007	1	96,504	1
1550	Investments accounted for using equity method (Note 6 (7))	5,354,418	31	3,168,041	22
1600	Property, plant, and equipment (Notes 6 (9), 7, and 8)	4,726,510	27	4,010,841	29
1755	Right-of-use asset (Note 6 (10))	420,564	3	523,043	4
1780	Intangible assets (Notes 6 (11) and 7)	22,428	-	22,309	-
1840	Deferred tax assets (Note 6 (16))	197,378	1	220,538	2
1920	Guarantee deposits paid	7,402	-	6,919	-
1995	Other non-current assets	12,039	-	13,255	-
Total non-current assets		10,836,746	63	8,061,450	58
Total assets		\$ 17,250,546	100	13,929,510	100

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

Benq Materials Corporation

Balance Sheet (continued) December 31, 2023 and 2022 Unit: NT\$ thousand

Liabilities and Equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%
Current liabilities:					
2100	Short-term borrowings (Note 6 (12))	\$ 1,490,000	9	1,051,460	8
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	-	-	1,800	-
2170	Accounts payable	2,608,487	15	2,438,302	18
2180	Accounts payable - related parties (Note 7)	647,230	4	895,740	6
2200	Other payables (Note 6 (20))	1,012,221	6	1,224,047	9
2220	Other payables - related parties (Note 7)	24,451	-	51,573	-
2320	Long-term borrowings due within one year (Note 6 (13))	381,943	2	181,486	1
2281	Lease liabilities - current (Note 6 (14))	5,796	-	6,966	-
2282	Lease liabilities - related parties - current (Notes 6 (14) and 7)	93,401	-	91,746	1
2300	Other current liabilities (Note 6 (19))	154,817	1	143,327	1
Total current liabilities		6,418,346	37	6,086,447	44
Non-current liabilities:					
2540	Long-term borrowings (Notes 6 (13) and 8)	4,416,898	26	1,084,002	8
2570	Deferred tax liabilities (Note 6 (16))	259,585	1	252,241	2
2581	Lease liabilities - non-current (Note 6 (14))	36,421	-	42,217	-
2582	Lease liabilities - related parties - non-current (Notes 6 (14) and 7)	289,379	2	382,780	3
2600	Other non-current liabilities (Notes 6 (13) and (15))	33,687	-	33,323	-
Total non-current liabilities		5,035,970	29	1,794,563	13
Total liabilities		11,454,316	66	7,881,010	57
Equity (Notes 6 (8) and (17)):					
3110	Common stock	3,206,745	19	3,206,745	23
3200	Capital reserve	192,352	1	192,352	1
Retained earnings:					
3310	Legal reserve	540,821	3	414,305	3
3320	Special reserve	68,835	-	103,309	1
3350	Undistributed earnings	1,880,161	11	2,200,624	16
3400	Other equity	(92,684)	-	(68,835)	(1)
Total equity		5,796,230	34	6,048,500	43
Total liabilities and equity		\$ 17,250,546	100	13,929,510	100

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION

Statements of Comprehensive Income From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6 (19) and 7)	\$ 14,003,908	100	14,780,630	100
5000 Operating cost (Notes 6 (6), (9), (10), (11), (14), (15), (20), 7 and 12)	(11,905,042)	(85)	(12,415,438)	(84)
Gross operating profit	2,098,866	15	2,365,192	16
5910 Realized (unrealized) sales profit and loss	41,497	-	(51,306)	-
Realized operating profit and loss	2,140,363	15	2,313,886	16
Operating expenses (Notes 6 (4), (9), (10), (11), (14), (15), (20), 7 and 12)				
6100 Selling expenses	(619,022)	(4)	(675,786)	(4)
6200 Administrative expenses	(217,720)	(2)	(245,162)	(2)
6300 Research and development expenses	(885,170)	(6)	(851,156)	(6)
Total operating expenses	(1,721,912)	(12)	(1,772,104)	(12)
Net Operating Income	418,451	3	541,782	4
Non-operating income and expenses (Notes 6 (7), (13), (14), (21) and 7)				
7100 Interest revenue	8,484	-	486	-
7010 Other revenue	19,863	-	6,602	-
7020 Other gains and losses	(8,417)	-	33,463	-
7050 Financial costs	(120,956)	(1)	(50,690)	-
7070 Shares of profits of subsidiaries and associates accounted for using the equity method	153,270	1	949,708	6
	52,244	-	939,569	6
Profit before tax	470,695	3	1,481,351	10
7950 Less: Income tax expense (Note 6 (16))	(56,343)	-	(185,681)	(1)
Net profit for the current period	414,352	3	1,295,670	9
Other comprehensive income:				
8310 Items that will not be reclassified to profit or loss (Notes 6 (7), (15) and (17))				
8311 Remeasurement of defined benefit plans	5,979	-	(5,718)	-
8316 Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	8,794	-	(5,895)	-
8330 Share of other comprehensive income from subsidiaries accounted for using the equity method	50	-	440	-
8349 Income tax related to items that will not be reclassified	-	-	-	-
	14,823	-	(11,173)	-
8360 Items that may be reclassified subsequently to profit or loss (Note 6 (17))				
8361 Exchange differences arising on translation of financial statements of foreign operations	(38,672)	-	45,647	-
8399 Income tax related to items that may be reclassified	-	-	-	-
	(38,672)	-	45,647	-
Other comprehensive income for the year	(23,849)	-	34,474	-
8500 Total comprehensive income for the year	\$ 390,503	3	1,330,144	9
Earnings per share (Unit: NT\$, Note 6 (18))				
9750 Basic earnings per share	\$	1.29	4.04	
9850 Diluted earnings per share	\$	1.28	3.97	

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BenQ Materials Corporation

Statements of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Common stock	Capital reserve	Retained earnings			Total	Other equity items			Total	Total equity
			Legal reserve	Special reserve	Undistributed earnings		Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plans		
Balance as of January 1, 2022	\$ 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 legal reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-
Account for special reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-
Cash dividend of common share	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	186,544	-	-	-	-	-	-	-	-	186,544
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(30,506)	(30,506)	-	-	-	-	(30,506)
Net profit	-	-	-	-	1,295,670	1,295,670	-	-	-	-	1,295,670
Other comprehensive income	-	-	-	-	-	-	45,647	(5,895)	(5,278)	34,474	34,474
Total comprehensive income for the year	-	-	-	-	1,295,670	1,295,670	45,647	(5,895)	(5,278)	34,474	1,330,144
Balance as of December 31, 2022	3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	126,516	-	(126,516)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(34,474)	34,474	-	-	-	-	-	-
Cash dividend of common share	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	-	(301)	(301)	-	-	-	-	(301)
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(1,123)	(1,123)	-	-	-	-	(1,123)
Net profit	-	-	-	-	414,352	414,352	-	-	-	-	414,352
Other comprehensive income	-	-	-	-	-	-	(38,672)	8,794	6,029	(23,849)	(23,849)
Total comprehensive income for the year	-	-	-	-	414,352	414,352	(38,672)	8,794	6,029	(23,849)	390,503
Balance as of December 31, 2023	\$ 3,206,745	192,352	540,821	68,835	1,880,161	2,489,817	(44,495)	(20,011)	(28,178)	(92,684)	5,796,230

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BenQ Materials Corporation

Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flows from operating activities:		
Profit before tax for the year	\$ 470,695	1,481,351
Adjusted items:		
Depreciation expenses	527,790	465,399
Amortization expenses	33,522	39,519
Expected credit losses (reverse benefits)	(12,199)	14,138
Valuation profit on financial liabilities measured at fair value through net profit or loss	(45,511)	(18,969)
Interest expenses	120,956	50,690
Interest revenue	(8,484)	(486)
Dividend revenue	(3,024)	(1,680)
Shares of profits of subsidiaries and associates accounted for using the equity method	(153,270)	(949,708)
Losses on disposal of property, plant and equipment	-	12,924
Profits from disposal of investment using equity method	-	(64,099)
(Realized) unrealized sales profits	(41,497)	51,306
Amortization of deferred expenses transferred to expenses	90,584	119,540
Amortization of syndication fee costs	1,712	3,773
Total adjustments to reconcile profit (loss)	510,579	(277,653)
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	270,934	103,004
Accounts receivable - related parties	(272,073)	208,388
Other receivables	(1,089)	(814)
Other receivables - related parties	(5,845)	581
Inventory	(492,974)	164,183
Other current assets	(119,216)	(122,065)
Total net changes in assets related to operating activities	(620,263)	353,277
Net changes in liabilities related to operating activities:		
Accounts payable	170,185	(616,080)
Accounts payable - related parties	(248,510)	448,001
Other payables	(221,457)	21,869
Other payables - related parties	(27,122)	25,230
Other current liabilities	11,490	53,133
Net defined benefit liabilities	(1,736)	(1,966)
Total net changes in liabilities related to operating activities	(317,150)	(69,813)
Total net changes in assets and liabilities related to operating activities	(937,413)	283,464
Total adjustment items	(426,834)	5,811
Cash inflow generated from operations	43,861	1,487,162
Interests received	8,484	486
Interests paid	(119,347)	(49,043)
Income tax paid	(83,996)	(179,989)
Net cash (outflow) inflow from operating activities	(150,998)	1,258,616

(Continued)

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BenQ Materials Corporation**Statements of Cash Flows (continued)**

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Acquisition of Financial assets at fair value through other comprehensive income	-	(92,271)
Acquisition of investment using the equity method	(3,166,541)	(180,706)
Disposal of investment using the equity method	-	83,749
Return of capital from investments accounted for using the equity method due to capital reduction	641,550	-
Acquisition of property, plant, and equipment	(1,079,891)	(891,437)
Disposal of property, plant, and equipment	-	200
(Increase) decrease in guarantee deposits paid	(483)	2,532
Acquisition of intangible assets	(33,161)	(28,192)
(Increase) decrease in other financial assets	789	(4,551)
Increase in other non-current assets	(3,032)	(14,860)
Dividends received	496,359	251,015
Net cash outflows from investing activities	<u>(3,144,410)</u>	<u>(874,521)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	438,540	474,660
Proceeds from long-term borrowings	5,986,200	360,350
Repayments of long-term borrowings	(2,444,480)	(400,000)
Increase (decrease) in guarantee deposits received	(288)	300
Repayments of lease principal	(98,712)	(99,091)
Issuance of cash dividends	(641,349)	(481,012)
Net cash inflow (outflow) from financing activities	<u>3,239,911</u>	<u>(144,793)</u>
Increase (decrease) in cash and cash equivalents for the year	(55,497)	239,302
Cash and cash equivalents at beginning of the year	<u>347,022</u>	<u>107,720</u>
Cash and cash equivalents at end of the year	<u>\$ 291,525</u>	<u>347,022</u>

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

Attachment II

BenQ Materials Corporation



Statement of 2023 Earnings Distribution

Unit: NT\$

Net profit after tax in 2023	\$414,352,067
Less: Difference between the actual acquisition of subsidiary equity and book value	(1,122,544)
Less: Change in capital surplus from investments in subsidiaries, associates and joint ventures accounted for using the equity method	(301,328)
Net profit after tax plus items other than net profit for the current period are included in the amount of undistributed earnings for the current year	412,928,195
Less: Withdrawal of statutory surplus reserve	(41,292,820)
Less: Withdrawal of special surplus reserve	(23,849,137)
Surplus available for distribution in 2023	\$347,786,238
Surplus: Undistributed earnings at the beginning of the period	1,467,232,023
Accumulated earnings available for distribution as of the end of 2023	\$1,815,018,261
Distributable items:	
Dividend - cash (NT\$ 1.2 per share)	(384,809,417)
Unappropriated retained earnings	\$1,430,208,844

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 Zhi-Chi



General Manager: Liu Jia-Reuy



Accounting Manager: Wang Shen-Hsing

Attachment III

Measures of Issuance and Conversion of Private Equity Overseas or Domestic Convertible Corporate Bonds (Tentative)

- I. **Issuing Company:**
BenQ Materials Corp. (hereinafter referred to as the “the company” or “BenQ Materials”).
- II. **Total issuance:**
To authorize the board of directors to limit the common stock limit of 31,800,000 shares, One or a combination of cash capital increase issuance of ordinary shares to participate in the issuance of overseas depositary receipts and/or cash capital increase to issue ordinary shares and/or cash capital increase to private placement of ordinary shares and/or private placement of overseas or domestic convertible corporate bonds, When dealing with overseas or domestic convertible corporate bonds (hereinafter referred to as “our corporate bonds”) by private placement, then the resulting number of ordinary shares after conversion shall be within the aforementioned range of 31,800,000 shares, the calculation is based on the conversion price at the time of the private placement.
- III. **Issuing date:**
Issued once within one year after the approval of the 2024 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 investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article XLIII(6) of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company’s long term development, competitiveness, and existing shareholders’ rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and expected benefits for choosing strategic investor(s) are to accommodate the Company’s operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company’s competitiveness and enhance its 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 US\$10,000 or its multiples, or NT\$100,000 or its multiples, and the issue price should 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 that have been converted, sold, redeemed or repurchased and canceled, the company's bonds will be repaid in cash at the maturity date by the company's face value or 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 simple arithmetic average closing price of the common stocks for either one, three or five business days before the price determination date, and added back any distribution of stock dividends, cash dividends or capital reduction after adjustment or the simple arithmetic average closing price of the common stocks for 30 business days before the price determination date and added back 80% of the stock price after reduction of the capital stock of the anti-ex eighty percent. 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 should not claim the interests or dividends before the conversion; the common shares of the issuing company after the conversion may claim the distributed interests or dividends in accordance with the law, which is the same as that of other common shareholders of the company.
 5. Rights and obligations after conversion:
The company's bonds are subject to the restrictions of being transferred within three years period after delivery in accordance with Article XLIII(8) of the Securities Exchange Act. The rights and obligations of the company's bonds exchanged for ordinary shares are the same as the original ordinary 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.

Appendix I

Shareholding of Directors

- I. The Company's paid-up capital amounted to NTD 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 "Public Issuing Company Directors and Supervisors' Shareholding Ratio and Implementation Rules for Inspection", if more than 2 independent directors are elected, the total shareholding percentage calculated by all directors and supervisors other than the independent directors will be reduced to 80 %. In addition, if the company has set up an audit committee in accordance with this law, the regulations concerning the number of shares held by the supervisor shall not be less than a certain ratio.
- III. As of April 1, 2024, 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 collective shareholding of directors was shown as below:

Position	Name		April 01, 2024	
			Shareholding (shares)	Shareholding Ratio (%)
Director	Chen Zhien-Chi	Representative of Qisda Corporation	43,659,294	13.61
Director	Li Kun-Yao		4,580,396	1.43
Director	Liu Jia-Reuy	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
Independent Director	Liu Jun-Lin		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 the Shareholders' Meetings

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, plus shares represented by the voting rights exercised in writing or electronically.
- 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. 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.
- 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.

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 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.
- VI. The Company should appoint the designated counsel, Certified Public Accountant or other related persons to attend the 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. 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.
- 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 chair, 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 chair may stop the speech of such shareholder. 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.

- XII. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
- 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 chair 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.

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 announces the end of the voting, with voting and election results announced.

- XVII. If there is amendment to or substitute for a discussion item, the chair 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 purpose.
- XIX. In case of incident due to force majeure, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- XX. 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.
- XXI. The Rules and Procedures shall become effective from the date on which the Rules and Procedures are approved by the Meeting. The same shall apply to amendments to the Rules and Procedures.
- XXII. This regulation is formulated on March 14, 2000
The first amendment was made on May 31, 2023

Appendix III

BenQ Materials Corporation Articles of Association

Chapter I General Principles

- Annex 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.
- Annex 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
- Annex III Endorsement and guarantee by the Company to external parties due to business or investment reasons.
- Annex IV The total amount of the Company's reinvestment shall not be restricted by Article XIII of the Company Law.
- Annex 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.
- Annex VI The Company's announcement method is in accordance with the provisions of Article XXVIII of the Company Act.

Chapter II Shareholding

- Annex 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 stock 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.
- Annex VIII The share certificates of the Company shall be all in registered form. The share certificates shall be affixed with the signatures or personal seals of the director representing the company, 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 with other securities issuance.
- Annex 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

- Annex 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 the fiscal year each year. Extraordinary meetings are convened according to law when necessary.
- The meeting of the shareholders of the Company may be held by video conference or other means announced by the central competent authority.
- Annex 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, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for

the representative to be present on such shareholder's behalf. Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The formalities for the exercise and revocation of the power of attorney mentioned 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

Annex 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 competent authority 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.

The remuneration of the directors of the Company authorizes the Board of Directors to participate in the operations of the Company in accordance with the extent and value of their contribution, and to participate in the

Agree according to the same level of industry.

Annex XIII The Directors of the Company shall be elected from the nomination list prepared by the Company. The directors referred to in this constitution include independent directors. List of shareholders Voting rights, except as otherwise provided by statute, 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

shall be elected from the list of candidates for independent directors. Relevant professional qualifications of independent directors, shareholding, part-time job restrictions, Name and method of election and other matters to be complied with, in accordance with the relevant laws and regulations.

Independent directors and non-independent directors of the company shall be elected together to calculate the number of elected candidates.

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 at least one person should has professional knowledge in accounting or finance.

The resolution of the Audit Committee shall be agreed 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 law, securities trading law, other laws and regulations and the company 's articles of association and various measures as the supervisory authority.

Article XIII(3) This article has been deleted.

Annex 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.

Annex 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

Annex 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

Annex XVII The company's fiscal year is from January 1 to December 31 of the same year.

Annex XVIII After the end of each fiscal year, the Board shall prepare and submit the following documents: (1) business report, (2) financial statements, (3) proposal for allocation of earnings or recovery of loss, which shall be submitted to the audit committee for verification 30 days before the shareholders' meeting. The audit committee issued a report to the shareholders' general meeting for approval.

Annex XIX If the company has annual profits, it shall allocate 5% to 20% for employees' remuneration and not more than 1% for directors' 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 parent company or subsidiary meeting certain conditions.

The Board or the person duly designated by the Board is 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 firstly, and the second withdrawal in 10% shall be statutory, and set aside or reverse the special surplus reserve according to laws and regulations. If there is still surplus and accumulated undistributed surplus the Board of Directors proposes a profit distribution proposal and submits it to the shareholders' meeting for distribution.

When the legal reserve and capital surplus are to be distributed in cash, the distribution may be approved by the Board of Directors and reported 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.

Annex 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

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

Annex XXII The Articles of Association were established on July 3, 1998; the 1st amendment was made on August 30, 1998;

The 2nd amendment was made on September 10, 1998; the 3rd amendment was made on October 9, 1998;

The 4th amendment shall be made on March 14, 2000; the 5th amendment shall be made on August 25, 2000;

The 6th amendment was made on May 8, 2001; the 7th amendment was made on April 23, 2002;

The 8th amendment was made on May 21, 2003; and the 9th amendment was made on May 18, 2004;

The 10th amendment was made on May 18, 2004; and the 11th amendment was made on May 18, 2006;

The 12th amendment was made on May 22, 2007; and the 13th amendment was made on November 16, 2007;

The 14th amendment was made on May 30, 2008; and the 15th amendment was made on June 10, 2009;

The 16th amendment was made on June 9, 2010; and the 17th amendment was made on June 15, 2011;

The 18th amendment was made on June 21, 2012; and the 19th amendment was made on June 24, 2015;

The 20th amendment was made on June 14, 2016; the 21st amendment was made on June 19, 2019;

The 22th amendment was made on June 18, 2020; the 23th 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