

Stock Code: 4939

**AEM**

**亞洲電材股份有限公司**

**ASIA ELECTRONIC MATERIAL Co., Ltd.**

**2023 Annual Shareholders' Meeting  
Meeting Handbook**

Date: 24 May 2023

Venue: No.1, Gongye E. 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)

## Table of Contents

<u>Item</u>	<u>Page</u>
Chapter 1. Meeting Procedure	3
Chapter 2. Meeting Agenda	4
Chapter 3. Report Items	5
Chapter 4. Proposal	6
Chapter 5. Extraordinary Motion	6
Chapter 6. Attachments	
(I) Business Report	7
(II) Audit Committee's Review Report	9
(III) Auditor's Report and Opinion and Consolidated Financial Statements of the Parent Company and Subsidiaries for 2022	10
(IV) Auditor's Report and Opinion and Parent Company Only Financial Statements of the Parent Company and Subsidiaries for 2022	21
(V) Table of Earning Distribution for 2022	32
Chapter 7. Appendix	
(I) Rules and Procedures of Shareholders' Meeting	33
(II) Articles of Incorporation	37
(III) Shareholding of Directors	41
(IV) Influence of the Stock Dividend Proposed at the Shareholders' Meeting on the Company's Operating Performance and Earnings per Share	42
(V) Other Descriptions	42

Meeting Procedures of the 2023 Annual Shareholders' Meeting of  
Asia Electronic Material Co., Ltd.

- I. Report of shares represented by shareholders present in person or by proxy
- II. Call the meeting to order
- III. Chairperson takes chair
- IV. Chairperson remarks
- V. Report Items
- VI. Proposal
- VII. Extraordinary Motion
- VIII. Adjournment

**Asia Electronic Material Co., Ltd.**  
**Agenda of the 2023 Annual Shareholders' Meeting**

- I. Time: 24 May 2023 (Wednesday) at 09:00 a.m.
- II. Venue: No.1, Gongye E. 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)
- III. Form of Shareholders' Meeting: Physical
- IV. Report of shares represented by shareholders present in person or by proxy and call the meeting to order:
- V. Chairperson takes chair and chairperson remarks:
- VI. Report:
  - (I) The 2022 Business Report.
  - (II) The 2022 Audit Committee's Review Report.
  - (III) Report on the loans to others and guarantee/endorsement provided to subsidiaries in 2022.
  - (IV) Report on the distribution of remunerations of employees and Directors in 2022.
- VII. Proposal:
  - Proposal 1. The 2022 Business Report and Financial Statements of the Company.
  - Proposal 2. Proposal for the earning distribution of the Company in 2022.
- VIII. Extraordinary Motion
- IX. Adjournment

## Report Items

### I. The 2022 Business Report.

Description: Please refer to Attachment 1 to the Handbook for the Company's 2022 Business Report. (Please refer to pages 8-10 for details)

### II. The 2022 Audit Committee's Review Report.

Description: Please refer to Attachment 2 to the Handbook for the 2022 Audit Committee's Review Report. (Please refer to page 11 for details)

### III. Report on the loans to others and guarantee/endorsement provided to subsidiaries in 2022.

Description: 1. The Company's loans to others as of 31 December 2022 are set out in the following table:

Unit: NT\$000'

Lender	Borrower	Transaction item	Maximum balance of the period	Balance at the end of the period	Actual drawdown amount	Nature of loans	Amount of business transaction	Amount of allowance for bad debts	Individual limit	Loans and total limits
Kunshan Aplus Tec. Corporation	Aplus Tec. Corporation (Dongtai)	Other receivables - related parties	\$176,377	\$176,377	\$176,377	Requirements of short-term financing	\$0	\$0	\$513,451	\$513,451

Note 1: Total limits of loans = net worth of the Company  $\times$  40%; limits of loans for individual counterparty = net worth of the Company  $\times$  40%

Note 2: The net value of equity of Kunshan Aplus Tec. Corporation on 31 December 2022 was NT\$1,283,627 thousand (RMB 291,109 thousand).

Note 3: Reason for the requirements of short-term financing: operating turnover.

2. The Company's endorsements/guarantees provided as of 31 December 2022 are set out in the following table:

Unit: NT\$000'

Name of endorser/guarantor	Counterparty of endorsements/guarantees	Relationship	Maximum balance	Balance at the end of the period	Actual drawdown amount	Ratio to net value of equity	Amount guaranteed by properties	Limits	Limit ratio
Asia Electronic Material Co., Ltd.	Aplus Tec. Corporation (Dongtai)	Wholly-owned direct (indirect) subsidiaries of the Company	\$92,130	\$0	\$0	0%	-	\$771,860	50%

Note 1: Limits of endorsement/guarantee = net worth of the Company  $\times$  50%; limits for overseas subsidiaries = net worth of the Company  $\times$  50%

Note 2: The net value of equity of the Company on 31 December 2022 was NT\$1,543,720 thousand.

3. Handle according to the requirements in the "Procedures for Loans to Others" and "Procedures for Endorsement/Guarantee" of the Company.

### IV. Report on the distribution of remunerations of employees and Directors in 2022.

Description: 1. Handle according to the requirements under Article 32 of the Articles of Incorporation.  
2. The Company recorded profits (i.e., profits before tax, less profits before the distribution of remunerations of employees and Directors, less accumulated losses) of NT\$61,188,779 in 2022. The Company appropriates 10% as remuneration of employees (in the amount of NT\$6,118,878) and 3% as remuneration of Directors (in the amount of NT\$1,835,663), both of which will be distributed in cash. The Chairman is authorized to determine the distribution date at its discretion.

## Proposal

### Proposal 1

Subject: The 2022 Business Report and Financial Statements of the Company are hereby proposed for ratification.

[Proposed by the Board of Directors]

Description: 1. CPAs Chen Kuo-Shuai and Mars Hong have completed the audit of the 2022 Business Report and balance sheet, income statement, statement of changes in equity, statement of cash flows, and other financial statements of the Company and issued an auditor's report with an unqualified opinion. The

- abovementioned statements and forms were also approved by the Audit Committee under a resolution and approved by the Board of Directors after discussions on 23 February 2023.
2. For the 2022 Business Report, Audit Committee's Review Report, and financial statements, please refer to Attachments 1 to 4 to the Handbook. (Please refer to pages 8-29 for details)

Resolution:

#### Proposal 2

Subject: The proposal of the earning distribution of the Company in 2022 is hereby proposed for ratification.

[Proposed by the Board of Directors]

- Description:
1. By adding earnings available for distribution at the beginning of the period of NT\$ 203,297,736 to and deducting the statutory surplus reserve provided of NT\$3,441,554 from the net profit after tax of the Company in 2022 of NT\$34,415,540, the total earnings available for distribution was NT\$234,271,722. The Company intends to distribute shareholders' dividends of NT\$47,136,417 in cash according to the requirements of the Company Act and the Articles of Incorporation (i.e., a distribution of NT\$0.48 per share). The 2022 Table of Earning Distribution is enclosed; please refer to Attachment 5 to the Handbook. (Please refer to page 30 for details).
  2. After the proposal for earning distribution is approved by the shareholders' meeting of the year under a resolution, the Chairman is authorized to otherwise decide the ex-dividend date, distribution date, and other relevant matters. If the payout ratio changes due to changes in the total number of outstanding shares of the Company subsequently, the Chairman is fully authorized to make arrangements and adjustments.
  3. The current cash dividend is calculated according to the distribution ratio and rounded up to the nearest dollar. The total amount of the odd shares less than NT\$1 is adjusted from the highest to the lowest decimal point and from the top-down of the account number sequentially until it is equal to the total amount of cash dividend distribution.

Resolution:

Extraordinary Motion  
Adjournment

# The 2022 Business Report of Asia Electronic Material Co., Ltd. Attachment 1

Shareholders,

## I. Operating results in 2022:

### (I) Implementation achievement of business plan

Unit: NT\$000'

	2022	2021	YoY
Consolidated operating income	1,647,874	1,957,145	-15.80%
Net profit	113,213	262,901	-56.94%
Net profit after tax	34,415	173,091	-80.12%
Earnings per share	0.35	1.76	-80.11%

### (II) Budget implementation

The Company did not disclose its financial forecast for 2022.

### (III) Analysis of profitability

	2022	2021
Return on assets	1.65%	6.19%
Return on equity	2.18%	10.87%
Profit margin	2.09%	8.85%

### (IV) R&D status

5G high-frequency materials have become a popular R&D subject in recent years, which will explore new applications of the Company's current products, expand the sales of novel products, and improve the operating competitiveness of the Company. At present, our R&D attaches attention to the development of self-produced PI cover lay, high-frequency products (high-frequency pure adhesive/high-frequency substrate/fluorine series substrate), high-frequency EMI shielding film (ink EMI/PI-coated fabric EMI), and conductive adhesives; the development of high-frequency bonding sheets, conductive adhesives, and high-frequency EMI shielding film is positive. In the future, we will continue to develop and improve products with high unit prices and high gross profits, such as 5G high-frequency materials, monolayer, ion migration-resistant materials, self-manufactured substrate materials, transparent materials, vehicle materials, wireless charger materials, and conductive adhesive materials, and create unique products to improve our competitive strength among companies within the industry and secure a leading position within the sector. Except for the development of the abovementioned new products, the Company attaches attention to the improvement in production yield and efficiency, reduction in costs, and increase in profit margin in terms of manufacturing procedures to secure orders.

## II. Business plan for 2023:

### (I) Management Policy

The new plant of the Company located at Dongtai, Jiangsu, has entered the stage of mass production and begun making contributions to our operating income, which not only provides flexibility for deployment in terms of the Group's production capacity but also contributes to the further upgrades of the Company's operations.

The development of new energy vehicles is concurrently promoted in policies worldwide, and the application of vehicle FPC has been increasing, nurturing the Blue Ocean development environment for vehicle electronics. We will explore power batteries/energy storage FPC, metaverse AR/VR, and other opportunities of emerging industries, make overall arrangements for 5G, expand into new international markets to promote our new products (conductive adhesive and ion migration-resistant cover lay), and develop relationships with new customers; the sales volume of our new products is likely to give rise to the growth in our operating income.

### (II) Estimated sales volume and its basis

Based on past experiences and the status of market supply/demand, it is estimated that the sales volume will continue to grow in 2023.

### (III) Material production and sales policy

1. In 2023, the Dongtai Plant will continue to improve equipment availability to mitigate the production pressure of the Kunshan Plant while ensuring concentration of production to increase production efficiency.
2. The Company connects end customers and learns the requirements of customers to provide comprehensive products and services.

## III. Future development strategies of the Company:

### (I) Business:

5G and energy storage for new energy vehicles are the marketing focuses of the Company during the year, and early arrangements are required. Together with the development of new high-frequency bonding sheets, substrate, cover lay, and other materials, we continue to make introductions and promotions to end customers and FPC companies to jointly develop the use of new model materials for the Company to secure the major leading position among companies within the industry in terms of high-speed materials.

For conductive adhesive, mass production is ongoing, and it has entered the end resource pool. Currently, the mainstream products in the market are from Japanese brands; however, it is likely the materials of the Company would replace the imported materials from Japan next year.

As the signal frequency increases and the circuits are crowding, the requirements for ion migration-resistant features have become relatively strict. The ion migration-resistant cover lay has been customer-certified and put into mass production.

We will enter overseas markets to disperse customer orders.

(II) R&D:

1. The Company attaches attention to the R&D of products of novelty and high gross profits; our products are divided into four categories: high-frequency materials (high-frequency cover lay/high-frequency bonding sheet/high-frequency substrate/fluorine series substrate), conductive materials (EMI shielding film/conductive adhesive), cover lay materials (self-produced PI cover lay/ion migration-resistant cover lay/high reflection cover lay/transparent cover lay/high-Tg cover lay), and substrate materials (2L/ultra-thin copper foil substrate/self-manufactured PI substrate). We focus on the development of novel items and effectively utilize our R&D resources to improve the gross profits of products and enhance the competitive strength of product uniqueness to improve the sales volume of products.
2. Combining our technical capacity and supplier management, we implement local procurement for chemical raw materials to minimize the costs of raw materials and improve the gross profits of products, and in turn, improve the competitive strength and profits of products.

IV. Impact of external competition environment, regulatory environment, and macroeconomic environment

In recent years, due to the effects of occupational safety incidents that constantly occurred in Mainland China, increasingly stringent environmental protection regulations and standards, continuing high global inflation pressure, raging US-China tech war, and ongoing Russia-Ukraine war, the Company has improved the procurement ratio of chemical materials within China to transfer the risk of raw material inventory and management to suppliers. We set up an occupational safety team in our plant to implement environmental protection and occupational safety work in our plant.

Looking ahead, the largest application requirement of FPC in the market would be arising from smartphones. Due to the continual growth in the volume of FPC used for high-end smartphones and the general slowdown of global economy, the market in 2023 will remain flat. Furthermore, with the variable changes in smartphone models and functions, the growth momentum of demand for FPC is foreseeable. In addition, the Company remains optimistic about the development of mobile brands from China in local and global markets. Mobiles from Mainland China possess greater competitive strength as compared to US brands in terms of prices, which is a crucial factor favorable for entering emerging markets for sales, and is the key to the business growth of the Company in the future. The Company's cover lay applied in foldable mobile phones in overseas markets will also deliver new growth opportunities. Moreover, the development of new energy vehicles is concurrently promoted in policies worldwide, and the application of vehicle FPC has been increasing, nurturing the Blue Ocean development environment for vehicle electronics, and a surging growth would occur in demand for FPC and cover lay.

Chairman: Lee Chien-Hui      Manager: Lee Chien-Hui      Chief Accountant: Cheng Monica



Audit Committee's Review Report of Asia Electronic Material Co., Ltd. Attachment 2

The Board of Directors has duly prepared the Company's Business Report, consolidated financial statements, and proposal for earning distribution for 2022. The consolidated financial statements and individual financial statements have been duly audited and verified by CPAs Chen Kuo-Shuai and Mars Hong from Ernst & Young, and they have issued the auditor's report.

We have reviewed the abovementioned Business Report, consolidated financial statements, individual financial statements, and the proposal for earning distribution, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

TO

Asia Electronic Material Co., Ltd.

Audit Committee, Asia Electronic Material Co., Ltd.

Convener: Hsu, Ke-Ying

23 February 2023

English Translation of Financial Statements and a Report Originally Issued in Chinese

**INDEPENDENT AUDITORS' REPORT**

To: the Board of Directors and Shareholder of  
Asia Electronic Material Co., Ltd.

**Opinion**

We have audited the accompanying consolidated balance sheets of Asia Electronic Material Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 consolidated financial statements for the year ended December 31, 2022. 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.

### Revenue recognition

Asia Electronic Material Co., Ltd. and its subsidiaries recognized NT\$1,647,874 thousand as revenue for the year ended December 31, 2022. Since the sales locations including Taiwan, China and other countries and the sales conditions for major customers are varied. It is necessary for the Company to judge and determine the performance obligations of a sales order or a contract and the timing of its satisfaction. There are significant risks in the timing and amount of revenue recognition. Therefore, we determined the matter to be a key audit matter. Our audit procedures include, but not limit to, assessing the appropriateness of the accounting policy for revenue recognition, evaluating and testing the effectiveness of relevant internal controls relating to the timing of revenue recognition, performing test of details on selected samples, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing and performance obligation for revenue recognition, performing analytical review procedures on monthly sale and performing cutoff testing for a period before and after the balance sheet date, etc. We also considered the appropriateness of the related disclosures of sales. Please refer to Notes 4 and Note 6 in notes to the consolidated financial statements.

### Impairment of accounts receivable

As of December 31, 2022, Asia Electronic Material Co., Ltd. and its subsidiaries' gross accounts receivable and loss allowance amounted to NT\$700,818 thousand and NT\$(5,172) thousand, respectively. The net accounts receivable represented 24.20% of the consolidated assets and was significant to the Group's consolidated financial statements. The amount of loss allowance against accounts receivable is measured at an amount equal to lifetime expected credit losses. The measurement process needs to group the underlying accounts receivable appropriately and judge the application of related assumptions, including proper aging intervals and expected credit loss ratio for each aging interval, to be judged and analyzed. Due to the measurement of expected credit losses involves judgement, analysis and estimation and it has significant impact on carrying value of net accounts receivable, we therefore determined the matter to be a key audit matter. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology for grouping of accounts receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the provision matrix adopted by the Group, including evaluation on reasonableness of determining aging intervals, and examining the correctness of original document for basic information; reviewing of accounts receivable subsequent collection for evaluating its recoverability, etc. We also considered the appropriateness of the related disclosures of accounts receivable. Please refer to Notes 5 and Note 6 in notes to the consolidated financial statements.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. 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 communication.

## **Other**

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2022 and 2021.

Chen, Kuo-Shuai

Hong, Mao-Yi

Ernst & Young  
February 23<sup>th</sup>, 2023  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

*Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$736,046	25.60	\$704,016	23.17
1150	Notes receivable, net	4, 6(2)	128,901	4.48	182,253	6.00
1160	Notes receivable - related parties, net	4, 6(2), 7	-	-	34,903	1.15
1170	Accounts receivable, net	4, 6(3)	566,745	19.72	690,079	22.71
1180	Accounts receivable - related parties, net	4, 6(3), 7	-	-	54,907	1.81
1200	Other receivables		28,677	1.00	45,411	1.49
130x	Inventories	4, 6(4)	243,652	8.48	239,131	7.87
1410	Prepayments		21,372	0.74	31,418	1.03
1470	Other current assets		1,907	0.07	1,719	0.06
11xx	Total current assets		1,727,300	60.09	1,983,837	65.29
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(5)	153,769	5.35	124,774	4.11
1600	Property, plant and equipment, net	4, 6(6)	827,367	28.78	756,286	24.89
1755	Right-of-use assets	4, 6(16)	115,800	4.03	114,034	3.75
1780	Intangible assets	4, 6(7)	11,844	0.41	13,273	0.44
1840	Deferred income tax assets	4, 6(20)	25,008	0.87	32,167	1.06
1900	Other non-current assets	6(8)	13,649	0.47	13,943	0.46
15xx	Total non-current assets		1,147,437	39.91	1,054,477	34.71
1xxx	Total Assets		\$2,874,737	100.00	\$3,038,314	100.00

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES  
 Consolidated Balance Sheets (Continued)  
 As of December 31, 2022 and 2021  
 (Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	\$748,325	26.03	\$720,396	23.71
2130	Contract liabilities	4, 6(14)	8	-	8	-
2150	Notes payable		4,386	0.15	45,387	1.49
2170	Accounts payable		122,932	4.28	139,577	4.60
2200	Other payables		58,048	2.02	133,746	4.40
2230	Current income tax liabilities	4, 6(20)	9,278	0.32	13,412	0.44
2280	Lease liabilities	4, 6(16)	3,086	0.11	3,421	0.11
2300	Other current liabilities		318	0.01	316	0.01
2322	Current portion of long-term loans	6(11)	100,000	3.48	-	-
21xx	Total current liabilities		1,046,381	36.40	1,056,263	34.76
	Non-current liabilities					
2540	Long-term loans	6(11)	-	-	100,000	3.29
2570	Deferred income tax liabilities	4, 6(20)	218,995	7.62	210,673	6.93
2580	Lease liabilities	4, 6(16)	4,032	0.14	1,178	0.04
2630	Long-term deferred revenue	4, 6(10)	61,609	2.14	59,409	1.96
25xx	Total non-current liabilities		284,636	9.90	371,260	12.22
2xxx	Total liabilities		1,331,017	46.30	1,427,523	46.98
31xx	Equity attributable to shareholders of the parent					
3100	Capital					
3110	Common stock	6(13)	982,009	34.16	982,009	32.32
3200	Capital surplus					
3300	Retained earnings	6(13)	192,899	6.71	192,899	6.35
3310	Legal reserve	6(13)	65,032	2.26	47,723	1.57
3320	Special reserve		41,956	1.46	41,956	1.38
3350	Unappropriated earnings		237,713	8.27	358,088	11.79
	Total Retained earnings		344,701	11.99	447,767	14.74
3400	Other components of equity		24,111	0.84	(11,884)	(0.39)
3xxx	Total equity		1,543,720	53.70	1,610,791	53.02
	Total liabilities and equity		\$2,874,737	100.00	\$3,038,314	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(14), 7	\$1,647,874	100.00	\$1,957,145	100.00
5000	Operating costs	6(4)	(1,287,331)	(78.12)	(1,413,332)	(72.21)
5900	Gross profit		360,543	21.88	543,813	27.79
6000	Operating expenses	6(17)				
6100	Sales and marketing		(82,522)	(5.01)	(94,497)	(4.83)
6200	General and administrative		(96,665)	(5.87)	(107,917)	(5.51)
6300	Research and development		(71,124)	(4.31)	(84,007)	(4.29)
6450	Expected credit gains (losses)	4, 6(15)	2,981	0.18	5,509	0.28
	Total operating expenses		(247,330)	(15.01)	(280,912)	(14.35)
6900	Operating income		113,213	6.87	262,901	13.44
7000	Non-operating incomes and expenses	4, 6(18)				
7010	Other incomes		6,112	0.37	7,287	0.37
7020	Other gains or losses		(48,892)	(2.97)	6,277	0.32
7050	Finance costs		(17,990)	(1.09)	(12,356)	(0.63)
	Total non-operating incomes and expenses		(60,770)	(3.69)	1,208	0.06
7900	Profit (loss) from continuing operations before tax		52,443	3.18	264,109	13.50
7950	Income tax expense	4, 6(20)	(18,028)	(1.09)	(91,018)	(4.65)
8200	Net income		34,415	2.09	173,091	8.85
8300	Other comprehensive income (loss)	6(19)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains (losses) on equity instrument investment at fair value through other comprehensive income		11,073	0.67	(5,586)	(0.29)
8349	Income tax related to non-reclassified items		(1,453)	(0.09)	1,117	0.06
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		32,969	2.00	(9,743)	(0.50)
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(6,594)	(0.40)	1,949	0.10
	Total other comprehensive income, net of tax		35,995	2.18	(12,263)	(0.63)
8500	Total comprehensive income		\$70,410	4.27	\$160,828	8.22
8600	Net income attributable to:					
8610	Shareholders of the parent		\$34,415		\$173,091	
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$70,410		\$160,828	
9750	Earnings per share-basic (in NTD)	6(21)	\$0.35		\$1.76	
9850	Earnings per share-diluted (in NTD)		\$0.35		\$1.74	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

Equity Attributable to Shareholders of the Parent									
Code	Items	Common Stock 3111	Capital Surplus 3200	Retained Earnings			Others		
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange Differences Arising on Translation of Foreign Operations 3410	Unrealised Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income 3420	
A1	Balance as of January 1, 2021	\$982,009	\$192,899	\$27,882	\$41,956	\$327,589	\$(68,523)	\$68,902	\$1,572,714
B1	Appropriation and distribution of 2020 earnings								
B5	Legal reserve			19,841		(19,841)			
B5	Cash dividends-common shares					(122,751)			(122,751)
D1	Net income for 2021					173,091			173,091
D3	Other comprehensive income (loss), for 2021						(7,794)	(4,469)	(12,263)
D5	Total comprehensive income (loss)	-	-	-	-	173,091	(7,794)	(4,469)	160,828
Z1	Balance as of December 31, 2021	982,009	192,899	47,723	41,956	358,088	(76,317)	64,433	1,610,791
B1	Appropriation and distribution of 2021 earnings								
B5	Legal reserve			17,309		(17,309)			
B5	Cash dividends-common shares					(137,481)			(137,481)
D1	Net income for 2022					34,415			34,415
D3	Other comprehensive income (loss), for 2022						26,375	9,620	35,995
D5	Total comprehensive income (loss)	-	-	-	-	34,415	26,375	9,620	70,410
Z1	Balance as of December 31, 2022	\$982,009	\$192,899	\$65,032	\$41,956	\$237,713	\$(49,942)	\$74,053	\$1,543,720

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

## ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit (loss) from continuing operations before tax	\$52,443	\$264,109	B00010	Acquisition of financial assets at fair value through OCI	(14,717)	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(142,867)	(121,587)
A20010	Profit or loss not affecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	79	-
A20100	Depreciation (including right-of-use assets)	63,970	52,509	B03800	Decrease (increase) in refundable deposits	327	(175)
A20200	Amortization	1,636	1,609	B09900	Acquisition of assets related to government grants	1,920	7,510
A20300	Expected credit losses (gain on recovery)	(2,981)	(5,509)	BBBB	Net cash provided by (used in) investing activities	(155,258)	(114,252)
A20900	Interest expense	17,990	12,356				
A21200	Interest income	(2,636)	(2,148)				
A22500	Loss on disposal of property, plant and equipment	343	2,246	CCCC	Cash flows from financing activities:		
A23200	Loss on disposal of investments accounted for under equity method	-	15	C00100	Increase in (repayment of) short-term loans	27,929	149,897
A29900	Gain on government grants	(646)	(199)	C01600	Increase in long-term loans	-	100,000
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	-	(120,000)
A31130	Decrease (increase) in notes receivable	53,352	(18,604)	C04020	Cash payments for the principal portion of the lease liabilities	(3,937)	(4,029)
A31140	Decrease (increase) in notes receivable - related parties	34,903	(22,214)	C04500	Cash dividends	(137,481)	(122,751)
A31150	Decrease (increase) in accounts receivable	126,000	26,252	CCCC	Net cash provided by (used in) financing activities	(113,489)	3,117
A31160	Decrease (increase) in accounts receivable - related parties	54,907	2,540				
A31180	Decrease (increase) in other receivables	16,734	66,422				
A31200	Decrease (increase) in inventories	(4,521)	1,590				
A31220	Decrease (increase) in prepayments	15,351	(8,931)	DDDD	Effect of exchange rate changes on cash and cash equivalents	18,620	(5,077)
A31240	Decrease (increase) in other current assets	(188)	50				
A32125	Increase (decrease) in contract liabilities	-	(338)	EEEE	Net increase (decrease) in cash and cash equivalents	32,030	137,687
A32130	Increase (decrease) in notes payable	(41,001)	(11,691)	E00100	Cash and cash equivalents at beginning of period	704,016	566,329
A32150	Increase (decrease) in accounts payable	(16,645)	(41,631)	E00200	Cash and cash equivalents at end of period	\$736,046	\$704,016
A32180	Increase (decrease) in other payables	(49,669)	2,238				
A32230	Increase (decrease) in other current liabilities	2	13				
A33000	Cash generated from (used in) operations	319,344	320,684				
A33100	Interest received	2,636	2,148				
A33300	Interest paid	(18,310)	(12,385)				
A33500	Income tax paid	(21,513)	(56,548)				
AAAA	Net cash provided by (used in) operating activities	282,157	253,899				

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

English Translation of an Audit Report Originally Issued in Chinese  
INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of  
Asia Electronic Material Co., Ltd.

**Opinion**

We have audited the accompanying parent-company-only balance sheets of Asia Electronic Material Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022.

These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Asia Electronic Material Co., Ltd. recognized NT\$1,116,365 thousand as revenue for the year ended December 31, 2022. Since the sales locations including Taiwan, China and other countries and the sales conditions for major customers are varied. It is necessary for the Company to judge and determine the performance obligations of a sales order or a contract and the timing of its satisfaction. There are significant risks in the timing and amount of revenue recognition. Therefore, we determined the matter to be a key audit matter. Our audit procedures include, but not limit to, assessing the appropriateness of the accounting policy for revenue recognition, evaluating and testing the effectiveness of relevant internal controls relating to the timing of revenue recognition, performing test of details on selected samples, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing and performance obligation for revenue recognition, performing analytical review procedures on monthly sale and performing cutoff testing for a period before and after the balance sheet date, etc. We also considered the appropriateness of the related disclosures of sales. Please refer to Notes 4 and Note 6 in notes to the parent-company-only financial statements.

### Impairment of accounts receivable

As of December 31, 2022, The Company's gross accounts receivable and loss allowance amounted to NT\$332,669 thousand and NT\$(72) thousand, respectively. The net accounts receivable represented 13.89% of the parent-company-only assets and was significant to the Company's parent-company-only financial statements. The amount of loss allowance against accounts receivable is measured at an amount equal to lifetime expected credit losses. The measurement process needs to group the underlying accounts receivable appropriately and judge the application of related assumptions, including proper aging intervals and expected credit loss ratio for each aging interval, to be judged and analyzed. Due to the measurement of expected credit losses involves judgement, analysis and estimation and it has significant impact on carrying value of net accounts receivable, we therefore determined the matter to be a key audit matter. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology for grouping of accounts receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the provision matrix adopted by the Company, including evaluation on reasonableness of determining aging intervals, and examining the correctness of original document for basic information; reviewing of accounts receivable subsequent collection for evaluating its recoverability, etc. We also considered the appropriateness of the related disclosures of accounts receivable. Please refer to Notes 5 and Note 6 in notes to the parent-company-only financial statements.

### **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

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

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



5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. 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 communication.

Chen, Kuo-Shuai

Hong, Mao-Yi

Ernst & Young  
February 23<sup>th</sup>, 2023  
Taipei, Taiwan,  
Republic of China

Notice to Readers

*The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such parent-company-only financial statements are those applied in the Republic of China on Taiwan.*

*Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets						
Code	Accounts	Notes	2022.12.31		2021.12.31	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$256,182	10.70	\$82,188	3.36
1150	Notes receivable, net	4, 6(3), 6(16)	1,515	0.06	1,492	0.06
1170	Accounts receivable, net	4, 6(4), 6(16)	91,951	3.84	101,195	4.13
1180	Accounts receivable - related parties, net	4, 6(4), 6(16), 7	239,131	9.99	463,390	18.91
1200	Other receivables		27,445	1.15	44,208	1.80
1210	Other receivables - related parties	7	86,231	3.60	88,971	3.63
130X	Inventories	4, 6(5)	8,601	0.36	6,638	0.27
1410	Prepayments		1,253	0.05	4,437	0.18
11XX	Total current assets		712,309	29.75	792,519	32.34
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(2)	18,524	0.77	-	-
1550	Investment accounted for under equity method	4, 6(6)	1,647,428	68.80	1,634,163	66.69
1600	Property, plant and equipment, net	4, 6(7)	955	0.04	1,126	0.05
1755	Right-of-use assets	4, 6(17)	4,332	0.18	1,410	0.06
1780	Intangible assets	4, 6(8)	233	0.01	333	0.01
1840	Deferred income tax assets	4, 6(21)	9,899	0.41	17,291	0.71
1900	Other non-current assets	6(9)	887	0.04	3,371	0.14
15XX	Total non-current assets		1,682,258	70.25	1,657,694	67.66
1XXX	Total Assets		\$2,394,567	100.00	\$2,450,213	100.00

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese  
ASIA ELECTRONIC MATERIAL CO., LTD.  
Parent-Company-Only Balance Sheets (Continued)  
As of December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity						
Accounts		Notes	2022.12.31		2021.12.31	
Code			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	\$174,000	7.27	\$177,035	7.23
2131	Contract liability	4, 6(15)	8	-	8	-
2150	Notes payable		4,386	0.18	45,387	1.85
2170	Accounts payable		58,216	2.43	55,294	2.26
2180	Accounts payable - related parties	7	254,759	10.64	188,828	7.71
2200	Other payables		14,435	0.60	46,116	1.88
2280	Lease liabilities	4, 6(17)	1,413	0.06	1,349	0.06
2230	Current income tax liabilities	4, 6(21)	9,199	0.38	1,805	0.07
2300	Other current liabilities		318	0.01	316	0.01
2320	Current portion of long-term loans		100,000	4.18	-	-
21XX	Total current liabilities	6(11)	616,734	25.75	516,138	21.07
	Non-current liabilities					
2540	Long-term loans	6(11)	-	-	100,000	4.08
2570	Deferred income tax liabilities	4, 6(21)	204,934	8.56	198,087	8.08
2580	Lease liabilities	4, 6(17)	2,902	0.12	19	-
2600	Other non-current liabilities	4, 6(12)	26,277	1.10	25,178	1.03
25XX	Total non-current liabilities		234,113	9.78	323,284	13.19
2XXX	Total liabilities		850,847	35.53	839,422	34.26
3100	Capital					
3110	Common stock	6(14)	982,009	41.01	982,009	40.08
3200	Capital surplus	6(14)	192,899	8.06	192,899	7.87
3300	Retained earnings					
3310	Legal reserve	6(14)	65,032	2.71	47,723	1.95
3320	Special reserve		41,956	1.75	41,956	1.71
3350	Unappropriated earnings		237,713	9.93	358,088	14.62
	Total retained earnings		344,701	14.39	447,767	18.28
3400	Other components of equity		24,111	1.01	(11,884)	(0.49)
3XXX	Total equity		1,543,720	64.47	1,610,791	65.74
	Total liabilities and equity		\$2,394,567	100.00	\$2,450,213	100.00

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(15), 7	\$1,116,365	100.00	\$1,203,537	100.00
5000	Operating costs	6(5), 7	(1,005,940)	(90.11)	(1,070,955)	(88.98)
5900	Gross profit		110,425	9.89	132,582	11.02
5910	Unrealized gross profit (loss) from sales		(1,183)	(0.10)	(806)	(0.07)
6000	Gross profit from operations		109,242	9.79	131,776	10.95
6100	Operating expenses	6(18)				
6100	Sales and marketing		(13,375)	(1.20)	(18,211)	(1.51)
6200	General and administrative		(36,288)	(3.25)	(51,962)	(4.32)
6300	Research and development		(15,971)	(1.43)	(21,346)	(1.77)
6900	Total operating expenses		(65,634)	(5.88)	(91,519)	(7.60)
7000	Operating income		43,608	3.91	40,257	3.35
7000	Non-operating income and expenses	4, 6(19)				
7010	Other income		676	0.06	178	0.01
7020	Other gains and losses		41,230	3.69	(24,344)	(2.02)
7050	Finance costs		(5,310)	(0.48)	(3,848)	(0.32)
7070	Share of profit or loss of subsidiaries, associates and joint ventures		(26,970)	(2.41)	211,354	17.56
7900	Total non-operating income and expenses		9,626	0.86	183,340	15.23
7950	Profit (loss) from continuing operations before tax		53,234	4.77	223,597	18.58
8000	Income tax expense		(18,819)	(1.69)	(50,506)	(4.20)
8300	Profit (loss) from continuing operations		34,415	3.08	173,091	14.38
8310	Other comprehensive income (loss)	4, 6(21)				
8316	Items that not be reclassified subsequently to profit or loss	6(20)				
8316	Unrealized gains (losses) from equity instrument investment					
8316	at fair value through other comprehensive income					
8336	Unrealized gains (losses) from equity instrument investment measured at fair value through other comprehensive income		3,807	0.34	-	-
8349	comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method					
8360	Income tax related to non-reclassified items		7,266	0.65	(5,886)	(0.46)
8380	Items that may be reclassified subsequently to profit or loss		(1,453)	(0.13)	1,117	0.09
8399	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		32,969	2.95	(9,743)	(0.81)
	Income tax related to components of other comprehensive income that may be reclassified to profit or loss					
8500	Total other comprehensive income, net of tax		(6,594)	(0.59)	1,949	0.16
	Total comprehensive income		35,995	3.22	(12,263)	(1.02)
			\$70,410	6.30	\$160,828	13.36
9750	Earnings per share (in NT\$)					
9710	Earnings per share - basic					
	Profit from continuing operations	6(22)	\$0.35		\$1.76	
9850	Earnings per share - diluted (in NT\$)					
9810	Profit from continuing operations		\$0.35		\$1.74	

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity			Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income		
	Items	3100	3200	3310	3320	3350	3410	3420	3XXX	
A1	Balance as of January 1, 2021	\$982,009	\$192,899	\$27,882	\$41,956	\$327,589	\$(68,523)	\$68,902	\$1,572,714	
B1	Appropriation and distribution of 2020 earnings									
B5	Legal reserve			19,841		(19,841)			-	
B5	Cash dividends - common shares					(122,751)			(122,751)	
D1	Net income for 2021					173,091			173,091	
D3	Other comprehensive income (loss) for 2021						(7,794)	(4,469)	(12,263)	
D5	Total comprehensive income (loss)			-	-	173,091	(7,794)	(4,469)	160,828	
Z1	Balance as of December 31, 2021	982,009	192,899	47,723	41,956	358,088	(76,317)	64,433	1,610,791	
B1	Appropriation and distribution of 2021 earnings									
B5	Legal reserve			17,309		(17,309)			-	
B5	Cash dividends - common shares					(137,481)			(137,481)	
D1	Net income for 2022					34,415			34,415	
D3	Other comprehensive income (loss) for 2022						26,375	9,620	35,995	
D5	Total comprehensive income (loss)			-	-	34,415	26,375	9,620	70,410	
Z1	Balance as of December 31, 2022	\$982,009	\$192,899	\$65,032	\$41,956	\$237,713	\$(49,942)	\$74,053	\$1,543,720	

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit (loss) from continuing operations before tax	\$53,234	\$223,597	B00010	Acquisition of financial assets measured at fair value through OCI	(14,717)	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(289)	(2,756)
A20010	Profit or loss not effecting cash flows:			BBBB	Net cash provided by (used in) investing activities	(15,006)	(2,756)
A20100	Depreciation (including right-of-use assets)	1,853	2,084				
A20200	Amortization	100	100	CCCC	Cash flows from financing activities:		
A20900	Interest expense	5,310	3,848	C00100	Increase in (repayment of) short-term loans	(3,035)	65,570
A21200	Interest income	(254)	(32)	C01600	Increase in long-term loans	-	100,000
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	26,970	(211,354)	C01700	Repayment of long-term loans	-	(120,000)
A22500	Gain on disposal of property, plant and equipment	(84)	(84)	C04020	Cash payments for the principal portion of the lease liabilities	(1,442)	(1,442)
A23200	Loss (gain) on disposal of investments accounted for under equity method	-	15	C04500	Cash dividends	(137,481)	(122,751)
A24000	Realized (gains) losses from sales	1,183	806	CCCC	Net cash provided by (used in) financing activities	(141,958)	(78,623)
A30000	Changes in operating assets and liabilities:						
A31130	Decrease (increase) in notes receivable	(23)	(814)	EEEE	Net Increase (decrease) in cash and cash equivalents	173,994	(21,738)
A31150	Decrease (increase) in accounts receivable	9,244	(2,836)	E00100	Cash and cash equivalents at beginning of period	82,188	103,926
A31160	Decrease (increase) in accounts receivable - related parties	224,259	(9,833)	E00200	Cash and cash equivalents at end of period	\$256,182	\$82,188
A31180	Decrease (increase) in other receivables	16,763	66,180				
A31190	Decrease (increase) in other receivables - related parties	2,740	13,151				
A31200	Decrease (increase) in inventories	(1,963)	2,658				
A31220	Decrease (increase) in prepayments	3,246	(3,413)				
A32130	Increase (decrease) in notes payable	(41,001)	(11,691)				
A32150	Increase (decrease) in accounts payable	5,406	(45,330)				
A32160	Increase (decrease) in accounts payable - related parties	65,931	40,053				
A32180	Increase (decrease) in other payables	(31,681)	1,786				
A32230	Increase (decrease) in other current liabilities	2	13				
A33000	Cash generated from (used in) operations	341,235	68,904				
A33100	Interest received	254	32				
A33300	Interest paid	(5,298)	(3,698)				
A33500	Income tax paid	(5,233)	(5,597)				
AAAA	Net cash provided by (used in) operating activities	330,958	59,641				

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

Asia Electronic Material Co., Ltd.  
Table of Earning Distribution  
For the year ended 31 December 2022

Attachment 5

Unit: NT\$

Opening balance	203,297,736
Add: Net profit after tax for the year	34,415,540
Subtotal	237,713,276
Less: Appropriation of 10% statutory surplus reserve	(3,441,554)
Distributable earnings	234,271,722
Distribution item:	
Shareholder dividends - cash (A distribution of NT\$0.48 is made for each share; that is, a distribution of NT\$480 is made per thousand shares)	(47,136,417)
Undistributed earnings at the end of the period	187,135,305

Chairman: Lee Chien-Hui

Manager: Lee Chien-Hui

Chief Accountant: Cheng Monica



- I. To establish a strong governance system and sound supervisory capabilities for the shareholders' meetings of the Company and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- II. Except otherwise provided by laws, regulations, or the Articles, the rules of procedures for the shareholders' meetings of the Company shall be subject to the Rules.
- III. Unless otherwise provided by law or regulation, shareholders meetings of the Company shall be convened by the Board.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of Directors, and upload them to the MOPS 30 days before the annual shareholders' meeting or 15 days before the extraordinary shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the annual shareholders' meeting or 15 days before the extraordinary shareholders' meeting. In addition, the Company shall also have prepared the shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional stock affairs agent designated thereby, and shall be distributed at the site of the shareholders' meeting.

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

Election or dismissal of Directors, amendments to the Articles, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by Directors, capital increase from earnings, capital increase from reserves, the dissolution, merger, or demerger of the Company, or any matter under paragraph 1, Article 185, of the Company Act, and Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out, and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be proposed as an extempore motion.

A shareholder holding 1% or more of the total number of issued shares may submit a proposal to the Company for discussions at an annual shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors.

Prior to the book closure date before the convening of an annual shareholders meeting, the Company shall publicly announce its acceptance of shareholder's proposals, and the location and the period for their submission; the period for submission of shareholder's proposals may not be less than ten days.

A proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall attend the annual shareholders' meeting in person or by proxy and take part in discussions of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.
- IV. For each shareholders' meeting, a shareholder may issue a proxy form, which is printed and distributed by the Company, and set out the scope of authorization to engage a proxy to attend the shareholders' meeting on its behalf. Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.

Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.
- V. The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.; full consideration shall be given to Independent Directors' opinions with respect to the place and time

of the meeting. .

- VI. The Company shall furnish the attending shareholders or proxies engaged by shareholders (the "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

- VII. If a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise its functions due to other causes, the Vice Chairman shall chair the meeting on its behalf. Where there is no such a position as Vice Chairman or the Vice Chairman is on leave or is unable to exercise its functions due to other causes, the Chairman shall appoint one of the Managing Directors to act as the chairperson. Where there is no such a position as Managing Director, the Chairman shall appoint one of the Directors to act as the chairperson. Where the Chairman fails to make such an appointment, the Managing Directors or Directors shall elect one person to serve as the chairperson among themselves.

A shareholders' meeting convened by the Board shall be attended by a majority of the Directors.

Where a shareholders' meeting is convened by a party with the power to convene other than the Board, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

The Company may appoint its attorneys, CPAs, or related persons to attend the meeting in a non-voting capacity. .

- VIII. The Company shall make an uninterrupted audio and video recording of the shareholders' meeting, and the recorded materials of the preceding paragraph shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

- IX. Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance book or attendance cards handed in, plus the number of shares exercising voting rights by correspondence or electronic means.

The chairperson shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and the number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chairperson shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution, and another shareholders' meeting shall be convened within one month.

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

- X. If a shareholder meeting is convened by the Board, the meeting agenda shall be set by the Board. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board.

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

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chairperson considers that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed,

- and call for a vote.
- XI. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, the shareholder's account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
- A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chairperson may have the shareholder stop the speech.
- Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.
- When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- After an attending shareholder has spoken, the chairperson may respond or direct relevant personnel to respond.
- XII. Votes cast at shareholders' meetings shall be calculated based on the number of shares.
- The shares held by shareholders having no voting rights shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.
- When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.
- The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of voting rights represented by attending shareholders.
- Except for trust enterprises or stock agencies approved by the competent authority of securities, when a person acts as the proxy for two or more shareholders, the number of voting rights represented by it shall not exceed 3% of the total number of voting shares of the company; otherwise, the portion of excessive voting power shall not be counted.
- XIII. Shareholders of the Company are entitled to one vote for each share held; however, this shall not apply when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.
- When the Company holds a shareholders' meeting, it may adopt the exercise of voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting convening notice. A shareholder's exercise of voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, it shall be deemed as a waiver of rights with respect to the extraordinary motions and amendments to the original proposals of the shareholders' meeting.
- A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this shall not apply to a declaration made to cancel the earlier declaration of intent.
- In case a shareholder who has exercised its voting power by correspondence or electronic means intends to attend the shareholders' meeting in person, it shall, latest, serve a separate declaration of intention to rescind its previous declaration of intention made in exercising the voting rights under the preceding paragraph latest by two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising its voting rights. In the absence of a timely rescission of the previous declaration of intention, the voting rights exercised by correspondence or electronic means shall prevail. If the shareholder exercises the voting right by correspondence or electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy at the meeting shall prevail.
- Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the number of votes for or against and the number of abstentions, shall be entered on the MOPS.
- When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to the vote. When a proposal among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chairperson, provided all scrutineers be shareholders of the Company.

The counting of votes shall be publicly made at the venue of the shareholders' meeting; the outcome of a vote shall be reported on the spot and recorded accordingly.

- XIV. If a shareholders' meeting involves the election of Directors, it shall be arranged according to relevant election specifications and regulations established by the Company, and the outcome of the election shall be reported on the spot.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

- XV. Meeting minutes shall be prepared for resolutions made at shareholder's meetings. The minutes shall be signed and affixed with a seal by the chairperson and distributed to the shareholders within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.

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

Meeting minutes shall set out the year, month, date, venue, name of the chairperson and the resolution method, proceedings and results. The minutes shall be permanently kept throughout the duration of the Company.

- XVI. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders' meeting.

If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations or Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall upload the content to the MOPS within the prescribed period.

- XVII. Staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or an armband.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification badge or an armband, reading "Proctor."

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

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

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

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

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

- XIX. The Rules were implemented on the publishing date after being approved by the shareholders' meeting.

The Rules were implemented after being approved at the shareholders' meeting on 28 December 2007.

The 1<sup>st</sup> amendment was made at the Board meeting on 15 March 2012 and approved by the shareholders' meeting on 27 April 2012.

The 2<sup>nd</sup> amendment was made at the Board meeting on 25 February 2021 and approved by the shareholders' meeting on 23 July 2021.

Asia Electronic Material Co., Ltd.  
Articles of Incorporation

Appendix 2

Chapter I General

- Article 1: The Company is formed according to the requirements of limited companies under the Company Act. The Company is named 亞洲電材股份有限公司, and its English name is ASIA ELECTRONIC MATERIAL CO., LTD..
- Article 2: The scope of business of the Company is as follows:
- |       |         |   |
|-------|---------|---|
| I.    | CC01080 | Manufacture of Electronic Parts and Components  |
| II.   | F119010 | Wholesale of Electronic Materials   |
| III.  | F219010 | Retail Sale of Electronic Materials   |
| IV.   | F113010 | Wholesale of Machinery  |
| V.    | I501010 | Product Designing   |
| VI.   | IZ99990 | Other Industrial and Commercial Services (R&D of FPC and automated tape-on-reel)                                    |
| VII.  | JZ99050 | Agency Services   |
| VIII. | F601010 | Intellectual Property Rights  |
| IX.   | II99990 | Other Consulting Service (consultant of PCB production technologies)  |
| X.    | ZZ99999 | All business items that are not prohibited or restricted by law, except those that are subject to special approval. |
- Article 3: The Company shall comply with its Procedures for Endorsement/Guarantee when providing any endorsement/guarantee to any third party due to business requirements.
- Article 4: The amount of total investment of the Company is not subject to the restriction related to investments not exceeding 40% of the paid-in capital under Article 13 of the Company Act.
- Article 5: The headquarters of the Company is located in Hsinchu County, and the Company may establish domestic or foreign branches with a resolution made by the Board and upon receiving approval from the competent authority when necessary.
- Article 6: The announcement methods of the Company shall be subject to Article 28 of the Company Act.

Chapter II Shares

- Article 7: The total capital of the Company is NT\$1.5 billion, divided into 150 million ordinary shares with a par value of NT\$10; the Board is authorized to issue the unissued shares in batches.  
Within the total capital above, NT\$100 million was preserved for the issuance of employee stock option certificates, totaling 10 million shares with a par value of NT\$10 per shares, which can be issued in batches based on the resolutions of the Board.
- Article 8: The share certificates of the Company are registered, numbered, signed and affixed with a seal by a Director representing the Company, and issued after being attested by a bank competent to perform the attestation for the issuance of share certificates under the laws. The Company is exempted from printing its share certificates. However, shares issued according to the abovementioned requirements shall be registered with a centralized securities depository enterprise.
- Article 9: Except for otherwise stated in laws and regulations or rules for securities, any transfers, right creation, pledges, report of loss, inheritance, gifting, report of loss of seals, alteration, or address alteration, and other stock affairs shall be subject to the "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10: For share transfers, the transferor and the transferee shall complete the application form and sign and affix their seals on it to apply for the transfer with the Company. Before the completion of transfer procedures, the transfer shall not be used against the Company.
- Article 11: The change in name and transfer of shares shall be suspended 60 days before an annual shareholders' meeting, 30 days before an extraordinary shareholders' meeting, or five days before the base day on which the Company decides to distribute dividends, bonuses, or other benefits. The periods specified in the preceding paragraphs shall commence from the date of the shareholders' meeting or from the base day.

Chapter III Shareholders' Meetings

- Article 12: Shareholders' meetings of the Company are divided into two types as follows
- I. An annual shareholders' meeting shall be convened within six months from the end of each fiscal year by the Board according to the law.
- II. An extraordinary shareholders' meeting shall be convened as deemed necessary by the Board.
- When convening a shareholders' meeting, written or electronic means may be adopted for the exercise of voting rights, and the exercise methods shall be subject to the requirements of relevant laws and regulations.

The Company may convene its shareholders' meeting by way of a video conference or other means announced by the central competent authority.

For requirements related to conditions, operating procedures, and other matters of compliance to be fulfilled for holding the shareholders' meeting through video conferencing, the requirements established by the competent authority shall be complied with.

- Article 13: The Chairman shall chair the shareholders' meetings. If the Chairman is on leave or is unable to exercise its functions due to other causes, its proxy shall make arrangements under the requirements of Paragraph 3, Article 208 of the Company Act.
- Article 14: For convening shareholders' meetings of the Company, the Company shall announce and notify shareholders of the date, time, venue, and reason for the meeting at least 30 days before an annual shareholders' meeting and at least 15 days before an extraordinary shareholders' meeting.
- Article 15: If a shareholder is unable to attend a shareholders' meeting due to other causes, it may issue a proxy form, which is printed and distributed by the Company, and set out the scope of authorization to engage a proxy to attend the shareholders' meeting on its behalf. Apart from the requirements under Article 177 of the Company Act, the use of the proxy form shall be subject to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 16: Shareholders of the Company are entitled to one vote for each share held; no vote is granted for circumstances stated in Article 179 of the Company right.
- Article 17: Resolutions at a shareholders' meeting shall, unless otherwise stated in relevant laws and regulations, be adopted by receiving more than half of the vote for consent from attending shareholders or being approved by attending shareholders with no dissenting opinion proposed at a meeting attended by shareholders representing more than half of the total number of shares.
- Article 18: Meeting minutes shall be prepared for resolutions made at shareholder's meetings. The minutes shall be signed and affixed with a seal by the chairperson and, together with the attendance book of attending shareholders and proxy forms for engaging proxies for attendance, be kept by the Company. Meeting minutes shall set out the year, month, date, venue, proceedings and results, name of the chairperson and the resolution method and be distributed to all shareholders within 20 days from the meeting. The minutes shall be permanently kept throughout the duration of the Company. Except for otherwise required by the Company Act, the preservation period of the attendance book of attending shareholders and proxy forms for engaging proxies for attendance shall be at least one year. The preparation and distribution of the meeting minutes as required in the preceding paragraph may be effected through electronic means. The distribution of the meeting minutes by way of announcements.
- Article 19: If the Company intends to cancel the public offering of the Company's stocks, it shall propose the intention at the shareholders' meeting for resolution, and the Article shall remain unchanged during the period listing on the Emerging Stock Market and the period listing on TWSE (TPEX).

#### Chapter IV Directors and the Audit Committee

- Article 20: The Company has seven to nine Directors with a term of office of three years, and they may be re-elected and re-appointed. The candidate nomination system is adopted for Directors' elections, and the shareholders' meeting shall elect Directors from the list of Director candidates; arrangements shall be made according to the requirements under Article 198 of the Company Act. The Independent Directors and Non-independent Directors are elected at the same time, and the number of elected Independent Directors and Non-independent Directors shall be calculated separately. Persons who received votes that represent relatively more rights to vote shall be elected as Independent Directors and Non-independent Directors. The total number of shares under registered share certificates of the Company held by all Directors shall be subject to the requirements of the competent authority. The Company shall purchase a liability insurance policy for Directors regarding the compensation responsibility borne by them under the law within the scope of business execution during their term of office.
- Article 21: The Company has Independent Directors in place in accordance with the requirements under Article 14-2. Among the number of Directors above, the number of Independent Directors shall be no less than three persons and shall be no less than one-fifth of the total number of Directors. The professional qualifications, shareholding, term of office, restrictions on positions held concurrently, nomination, election methods, and other compliance matters for Independent Directors shall be subject to the relevant regulations of the competent authority of securities.
- Article 22: The uni-nominal cumulative voting method elections of the Company's Directors; each share is entitled to the rights to vote equal to the number of Directors to be elected; such rights may be used to elect the same person or several persons.  
If the election method in the preceding paragraph requires modification, apart from making arrangements according to requirements under Article 172 of the Company Act, the Company shall set out the comparison table of modification in the reason for the meeting.
- Article 23: The Board shall be formed by Directors. The Chairman shall be elected among Directors by receiving the consent of more than half of the attending Directors at a meeting attended by more than two-thirds of the Directors. The Chairman represents that Company to external parties. If the Chairman is on leave or is unable to exercise its

functions due to other causes, its proxy shall make arrangements under the requirements of Article 208 of the Company Act. If a video conference is adopted for a Board meeting, Directors who participate in the meeting via video calls shall be deemed as attending in person.

Article 24: The Chairman represents the Company in coordinating all operations of the Company, and other Directors are in its assistance. If the Chairman is unable to do so due to other causes, its proxy shall make arrangements under the requirements of paragraph 3, Article 208 of the Company Act.

Article 25: The business policy and other material matters are determined by the Board. Unless otherwise stated in the Company Act, resolutions of the Board shall be adopted by receiving the consent from more than half of the attending Directors at a meeting attended by more than half of the Directors. If a Director is unable to attend the meeting due to other causes, it shall issue a proxy form and set out the scope of authorization for the reasons of the meeting to engage another Director to attend the Board meeting on its behalf; however, one Director may only be engaged by one person. If the Company has Independent Directors, they shall attend in person or engage other Independent Directors to attend the meeting.

Article 26: For convening a Board meeting, the Directors shall be informed of the reason and notified seven days prior to the meeting. For emergencies, a Board meeting may be convened at any time. The Company may notify the Directors through written or electronic means or via facsimile to convene a Board meeting.

Article 27: The Company has established its Audit Committee in accordance with the requirements under Article 14-4 of the Securities and Exchange Act. The Audit Committee shall comprise all Independent Directors and shall be responsible for executing the functions of supervisors as stated in the Company Act, Securities and Exchange Act, and other laws and regulations.

Article 28: The remuneration of the Company's Directors shall be proposed by the Remuneration Committee according to the "Regulations for Remuneration Distribution of Directors." The Board is authorized to determine and distribute such remunerations based on the level of participation in the Company's operations, the value of their contributions, and the general standards within the industry.

Directors of the Company may claim traffic allowances based on actual circumstances.

#### Chapter V Managers

Article 29: The Company may have one President, multiple Vice Presidents and Assistant Vice presidents, and one chief of finance and chief auditor whose appointment and dismissal shall be subject to relevant requirements of the Company Act. Their remunerations shall be proposed by the Remuneration Committee and submitted to the Board for resolution. The Company shall purchase a liability insurance policy for managers regarding the compensation responsibility borne by them under the law within the scope of business execution during their term of office.

#### Chapter 6 Accounting

Article 30: The fiscal year of the Company is from 1 January to 31 December each year. At the end of each fiscal year, the Board shall prepare the following books and forms and submit them to the annual shareholders' meeting for ratification based on the legal procedures:

I. Business report.

II. Financial statements.

III. Proposal for earning distribution or loss compensation.

Article 31: The distribution of dividends and bonuses shall be based on the ratio of shareholding of shareholders. When the Company has no earnings, it may not distribute dividends or bonuses.

Article 32: If the Company records profits for the year, it shall appropriate no less than 10% as the remuneration of employees and no more than 5% as the remuneration of Directors. However, if the Company has accumulated losses, it shall preserve the amount for compensation in advance. The distribution targets of stocks or cash as remuneration of employees include employees of subsidiaries fulfilling certain conditions. If the Company has earnings from the final account of the year, it shall pay taxes and compensate prior losses and then appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the Company's paid-in capital, such appropriations are exempted. After appropriation or reversal of special surplus reserve according to laws and regulations, the remaining balance shall be combined with the undistributed earnings at the beginning of the same period; after preserving partial earnings discretionally, the Board shall prepare a proposal for earning distribution and submit it to the shareholders' meeting for the resolution of distributing shareholders' bonuses.

Article 33: Under the environment of increasing competition, to achieve sustainable operation and considering our long-term financial planning and capital requirements, the Company has adopted the dividend equalization policy. With equal considerations given to shareholder's interest and other factors, the Company appropriates 10% to 90% of earnings available for distribution as shareholders' bonuses, in which the ratio of cash dividend distribution shall be no less than 10% of the total dividend distributed from earnings of the year.

#### Chapter VII Appendices

Article 34: The organizational rules and by-laws of the Company shall be otherwise established.

Article 35: Unaddressed matters in the Articles shall be subject to the requirements under the Company Act and other relevant regulations.

Article 36: The Articles were established on 27 June 2003 upon receiving the consent of all founders at the founders' meeting.  
The 1<sup>st</sup> amendment was made on 18 July 2003.  
The 2<sup>nd</sup> amendment was made on 26 August 2003.  
The 3<sup>rd</sup> amendment was made on 29 September 2003.  
The 4<sup>th</sup> amendment was made on 17 December 2003.  
The 5<sup>th</sup> amendment was made on 30 June 2004.  
The 6<sup>th</sup> amendment was made on 15 June 2007.  
The 7<sup>th</sup> amendment was made on 28 December 2007.  
The 8<sup>th</sup> amendment was made on 20 June 2008.  
The 9<sup>th</sup> amendment was made on 29 June 2010.  
The 10<sup>th</sup> amendment was made on 27 May 2011.  
The 11<sup>th</sup> amendment was made on 27 April 2012.  
The 12<sup>th</sup> amendment was made on 17 May 2013.  
The 13<sup>th</sup> amendment was made on 19 May 2016.  
The 14<sup>th</sup> amendment was made on 19 May 2017.  
The 15<sup>th</sup> amendment was made on 23 July 2021.  
The 16<sup>th</sup> amendment was made on 17 May 2022.

Asia Electronic Material Co., Ltd.  
Chairman: Lee Chien-Hui



Asia Electronic Material Co., Ltd.  
Shareholding of Directors

Appendix 3

The number of shares held by Directors on the shareholders' register as of the book closure date (26 March 2023) of the annual shareholders' meeting is as follows:

Title	Name	Date elected	Term of office	Shareholding when elected		Number of shares held set out in the shareholders' register as of the book closure date	
				Number of shares	Shareholding	Number of shares	Shareholding
Chairman	Lee Chien-Hui	2021.7.23	3	4,751,153	4.84%	4,751,153	4.84%
Director	Bo Chun Investment Co., Ltd.	2021.7.23	3	2,860,080	2.91%	2,860,080	2.91%
Director	Tsai Sen	2021.7.23	3	467,251	0.48%	467,251	0.48%
Director	Chen Ching-Chi	2021.7.23	3	471,059	0.48%	565,059	0.58%
Director	Lin Wei-Hung	2021.7.23	3	309,766	0.32%	309,766	0.32%
Independent Director	Chu Nian-Tzu	2021.7.23	3	0	-	0	-
Independent Director	Li Chun-Ching	2021.7.23	3	0	-	0	-
Independent Director	Hsu Ke-Ying	2021.7.23	3	0	-	0	-
Independent Director	Yu Tsai-An	2021.7.23	3	3,094	0.00%	3,094	0.00%
Sub-total of number of shares held by all Directors				8,862,403	9.02%	8,956,403	9.13%

Note:

1. The Company's paid-in capital is NT\$982,008,680, and the number of issued shares is 98,200,868 shares.
2. According to the requirements under Article 26 of the Securities and Exchange Act, the minimum number of shares required to be held by all Directors shall be as follows:
  - The minimum number of shares required to be held by all Directors according to the law: 7,856,069 shares
3. According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," if two Independent Directors or more are concurrently elected, the ratio of shareholding of all Directors other than Independent Directors calculated pro rata shall be reduced to 80%.
4. Actual number of shares held by all Directors: 8,956,403 shares
5. The number of shares held by all Directors has reached legal standards.

## Appendix 4

The Impact of stock dividend Issuance on the operating performance, earnings per share, and return on investment of shareholders:

Not applicable; the Company is not required to disclose any financial forecast for 2023.

## Other Descriptions

## Appendix 5

Descriptions of accepting shareholder's proposals for the 2023 annual shareholders' meeting:

- I. According to Article 172-1 of the Company Act, a shareholder holding 1% or more of the total number of issued shares may submit a written proposal for discussion at an annual shareholders' meeting to the Company.
- II. Proposal Content: The number of proposals is limited to one only for each shareholder; a proposal submitted by a shareholder is limited to 300 words, or the proposal will not be included in the meeting agenda.
- III. The Company had made an announcement on MOPS according to the laws regarding the submission period for proposals of shareholders for the annual shareholders meeting from 17 March 2023 to 27 March 2023 (for proposals made by registered mail, the service shall serve as the reference).
- IV. The Company did not receive any shareholder's proposal.