



**DingZing Advanced Materials Inc.**

**2023**  
**Annual Shareholder Meeting**  
**Handbook**

**Shareholder meeting method** : In-person

**Time** : 3 pm, Tuesday, May 30, 2023

**Venue** : No. 8-1, Beilin Rd, Xiaogang District,  
Kaohsiung City (2F office, Building A)

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## **I. Meeting Procedure**

1. Meeting called to order
2. Chair address
3. Matters to report
4. Proposals
5. Extemporaneous motions
6. Meeting adjourned

# **Dingzing Advanced Materials Incorporated**

## **2023 Annual Shareholder Meeting Agenda**

Time: 3 pm, Tuesday, May 30, 2023

Venue: No. 8-1, Beilin Rd, Xiaogang District, Kaohsiung City (2F office, Building A)

- I. Meeting called to order (Report on total shares present)
- II. Chair address
- III. Matters to report
  - 1. 2022 Annual Business Report
  - 2. 2022 Audit Committee Review Report
  - 3. Report on 2022 Distribution of Director and Employee Remuneration
  - 4. Report on Dividend and Bonus Allocation from 2022 Surplus
  - 5. Report on amendment of the Rules and Procedures of Board Meetings
  - 6. Report on amendment of the Corporate Governance Best Practice Principles
  - 7. Report on amendment of the Regulations Regarding Financial and Business Operations with Affiliated Enterprises
  - 8. Explanation on handling of shareholder proposals
- IV. Proposals
  - 1. 2022 Annual Business Report and financial reports
  - 2. Motion for 2022 surplus allocation
- V. Matters for discussion
- VI. Extemporaneous motions
- VII. Meeting adjourned

1. Matters to report

Matter No. 1 (submitted by Board of Directors)

2022 Business Report

Explanation: The 2022 Business Report is attached hereto as Appendix 1; please refer to pages 10-12.

Matter No. 2 (submitted by Board of Directors)

Audit Committee 2022 Review Report

Explanation: The 2022 Audit Committee Review Report is attached hereto as Appendix 2; please refer to page 13.

Matter No. 3 (submitted by Board of Directors)

Report on 2022 Distribution of Director and Employee Remuneration

Explanation: 1. Handled strictly in accordance with Article 235-1 of the Company Act.

2. In 2022, the Company earned a profit of NT\$340,940,153 before tax. Via a resolution passed by the Board of Directors on March 14, 2023 and in accordance with Article 27 of the Articles of Incorporation, remuneration to employees and directors is as follows:

- (1) Employee remuneration: around 2.56%, or NT\$8,720,058, identical to that estimated in the 2022 budget.
- (2) Director remuneration: around 0.99%, or NT\$3,389,152, identical to that estimated in the 2022 budget.

3. The abovementioned remuneration is given in cash for both employees and directors. Employee remuneration recipients are limited to full-time employees at the Company and its subsidiaries. The distribution will be in accordance with the Company's Regulations for Compensation of Employees and Remuneration of Directors and Functional Committee Members.

4. The Company's Remuneration Committee will determine if the directors and managers are receiving reasonable remuneration, which will later be approved by the Board of Directors and reviewed on an ongoing basis in consideration of the Company's state of operations and the law and regulations. Distribution of bonuses will be on the basis of the Company's operating performance, personal performance, and future risks.

### 5. Table of individual director remuneration

Unit: NT\$1,000

Title	Name	Director remuneration								The total of A, B, C, D and percentage of profit after tax		Remuneration when doubling as employee								The total of A, B, C, D, E, F, G and percentage of profit after tax		Remuneration from parent company or investments other than that of subsidiary		
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business funds (D)				Salary, bonus and special allowance, etc. (E)		Retirement pension (F)		Employee remuneration (G)								
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report					
Chairman	Hsun-Tai Lin	—	—	—	—	989	989	—	—	989 0.37%	989 0.37%	3,471	4,267	—	—	160	—	160	—	4,620 1.74%	5,416 2.04%	None		
Juridical person director Representative director and General Manager	Ding Er Investment Co., Ltd Howard K. Lin	—	—	—	—	800	800	—	—	800 0.30%	800 0.30%	1,315	4,965	59	59	160	—	160	—	2,334 0.88%	5,984 2.25%	None		
Director	Po-Jen Liang	—	—	—	—	800	800	—	—	800 0.30%	800 0.30%	—	—	—	—	—	—	—	—	800 0.30%	800 0.30%	None		
Director	Akihiko Satomi	—	—	—	—	800	800	—	—	800 0.30%	800 0.30%	—	—	—	—	—	—	—	—	800 0.30%	800 0.30%	None		
Independent Director	Kuo-Pin Su	445	445	—	—	—	—	—	—	445 0.17%	445 0.17%	—	—	—	—	—	—	—	—	445 0.17%	445 0.17%	None		
Independent Director	Shun-Tien Chen	445	445	—	—	—	—	—	—	445 0.17%	445 0.17%	—	—	—	—	—	—	—	—	445 0.17%	445 0.17%	None		
Independent Director	Ming-Feng Chan	445	445	—	—	—	—	—	—	445 0.17%	445 0.17%	—	—	—	—	—	—	—	—	445 0.17%	445 0.17%	None		
Independent Director	Hubert Hu	270	270	—	—	—	—	—	—	270 0.10%	270 0.10%	—	—	—	—	—	—	—	—	270 0.10%	270 0.10%	None		

#### Matter No. 4 (submitted by Board of Directors)

#### Report on Dividend and Bonus Allocation from 2022 Surplus

- Explanation: 1. This matter is handled in accordance with Article 26 of the Articles of Incorporation, with the Board deciding to distribute dividends and/or bonuses, in whole or in part, to be given in cash and reported to the shareholder meeting.
2. A total of NT\$207,729,000 is allotted to be distributed in cash bonuses, at NT\$3 per share. The cash bonuses are given to the dollar, with amounts less than a dollar to be combined into the Company's other incomes.
3. In the distribution of cash dividends mentioned above, the proposal was passed by the Board of Directors, and authorized the Chairman to establish the dividend distribution record date, the distribution date, and other related matters. Should the Company affect the total number of shares outstanding to increase or decrease via buying back/transferring shares, canceling bought-back shares, or other means, and thus causing the per-share cash dividend to fluctuate, the Chairman is authorized to handle and make adjustments accordingly.

Matter No. 5 (submitted by Board of Directors)

Report on amendment of the Rules and Procedures of Board Meetings

Explanation: In compliance with amendments to the law and the Company's operating and management requirements, the Rules and Procedures of Board Meetings are amended. Please see this Handbook's Appendix 3 (p. 14-18) for the comparison table.

Matter No. 6 (submitted by Board of Directors)

Report on amendment of the Corporate Governance Best Practice Principles

Explanation: In compliance with amendments to the law and the Company's operating and management requirements, the Corporate Governance Best Practice Principles are amended. Please see this Handbook's Appendix 4 (p. 19) for the comparison table.

Matter No. 7 (submitted by Board of Directors)

Report on amendment of the Regulations Regarding Financial and Business Operations with Affiliated Enterprises

Explanation: In compliance with amendments to the law and the Company's operating and management requirements, the Regulations Regarding Financial and Business Operations with Affiliated Enterprises are amended. Please see this Handbook's Appendix 5 (p. 20-33) for the comparison table.

Matter No. 8 (submitted by Board of Directors)

Explanation on handling of shareholder proposals

Explanation: In accordance with Article 172-1 of the Company Act, shareholder (s) holding one percent (1%) or more of the total number of outstanding shares of a company may make a proposal to the company for discussion at a regular shareholder meeting. The current proposal-processing period is March 27 - April 6, 2023, during which the Company has not received any proposals.

## 2. Proposals

Proposal No. 1 (submitted by Board of Directors)

The 2022 Annual Business Report and financial reports

- Explanation:
1. The Company's 2022 financial reports were audited by CPAs Wang Chun-kai and Liao a-shen of Pricewaterhousecoopers Taiwan, and approved in a Board of Directors meeting. The statements and business report mentioned above are sent to the Audit Committee, receiving a complete examination with documentation of the report.
  2. Please see Appendixes 1, 6, 7 (p. 10-12; p. 34-53) of this Handbook for the 2022 Business Report, Financial Report, and CPA's Audit Report.
  3. Please kindly approve the above.

Resolution:

Proposal No. 2 (submitted by Board of Directors)

Motion for surplus allocation in 2022

- Explanation:
1. The Company's net profit after tax was NT\$265,651,544. Of this net profit, 10%, or NT\$26,565,154, will be set aside as a surplus reserve and NT\$9,077,879 as a special reserve, with undistributed retained earnings of NT\$1,181,409,092, making the accumulated total of undistributed retained earnings NT\$1,429,573,361.
  2. The proposal is to distribute the dividend to shareholders in cash, at NT\$3 per share in a cash dividend. Please see Appendix 8 (p. 54) for the surplus allocation table as regulated by the Company's Articles of Incorporation.
  3. In the distribution of cash dividends mentioned above, the Chairman is authorized to establish a dividend distribution record date and handle the distribution of cash dividends. In accordance with the ratio stated in the shareholders' book on the record date, each shareholder will receive an amount rounded calculated to the whole dollar. Cash dividends that amount to less than NT\$1 will be transferred to the Company's other revenues.
  4. Should the Company affect the total number of shares outstanding to increase or decrease via buying back/transferring shares, canceling bought-back shares, or other means, and thus causing the per-share cash dividend to fluctuate, the Chairman is authorized to handle and make adjustments accordingly.
  5. Please kindly approve the above.

Resolution:



### 3. Extemporaneous motions

Meeting adjourned

## Appendix 1

### Business Report

Dear Shareholders,

The Company's combined operations revenue was NT\$2,607,212,000 in 2022, a NT\$67,469,000 increase compared to 2021's combined operations revenue of NT\$2,539,743,000. The profit after tax is NT\$265,652,000, a NT\$14,594,000 decrease compared to 2021's NT\$280,246,000. Earnings per share is NT\$4.00, a decrease of NT\$0.55 from 2021's NT\$4.55 earnings per share. The combined operations status report for 2022 is as follows:

#### 1. 2022 operating results

##### (1) 2022 business plan execution results

Unit: NT\$1,000

Item	2022	2021	Increase/decrease in amount	% change
Consolidated revenue	2,607,212	2,539,743	67,469	2.66
Consolidated gross profit	678,125	695,677	(17,552)	(2.52)
Net profit (loss) before tax	335,486	357,194	(21,708)	(6.08)
Net profit (loss) after tax	265,652	280,246	(14,594)	(5.21)
Earnings per share (NT\$)	4.00	4.55	(0.55)	(12.09)

##### (2) Budget execution

Not applicable, as the Company has not made its financial projections public.

##### (3) Financial income, expenses, and profitability analysis

Item		2022	2021
Financial structure (%)	Debt ratio (%)	40.02	47.34
	Long term funds to fixed assets ratio (%)	121.72	137.35
Solvency (%)	Current ratio (%)	151.88	230.36
	Quick ratio (%)	80.45	126.67
Earning power (%)	Return on assets (%)	5.95	6.57
	Return on equity (%)	9.88	12.04
	Net profit margin (%)	10.19	11.03
	Earnings per share (NT\$)	4.00	4.55

##### (4) Research development

The Company continues to develop and innovate applications for thermoplastic polyurethane (TPU) with its clients, to make products that align with global trends and create the biggest value for its shareholders. Regarding prospects for 2023, the Company takes in the world's trends and the client brands' needs when adjusting its marketing strategies and production structure. In the mid- and long term, the Company will continue to develop products with high added value, ship them on schedule, and reinforce the Company's leading position based on core competitiveness.

## 2. Business plan overview for 2023

### (1) Operation direction:

As the world's industries evolve rapidly, the competition between companies has grown from the relatively simple race of speed, quality, technology, flexibility, and production costs, to instead operating global platforms and resource integration between group enterprises. This Company not only continues to deepen its roots in the TPU industry, but also invests in expanding globally, making timely adjustments in marketing strategy in accordance with global trend development. The Company does this all to realize the three core values of Science, Innovation, and Collaboration in the Company's corporate culture, remaining connected locally while broadening our global horizons, with the intention of creating greater value for shareholders.

### (2) Projected sales and the basis of estimations:

Unit: KG

Product category	Projected sales for 2023
TPU film	7,963,485
TPU hoses and belts	333,926
TPU seals	105,749

The sales numbers above are an estimate based on 2021 sales and overall 2023 economic conditions.

### (3) Key production and marketing strategies:

1. Continue improvement manufacturing processes to boost production efficiency, lower costs and increase client satisfaction.
2. Develop products with high added value to raise market competitiveness.
3. Collaborate with international brands and open up new markets.
4. Be on top of the newest market trends at all times and find the best marketing strategy.

### 3. The Company's future development strategy

- (1) Implement thoroughly the Company's three core values of Science, Innovation, and Collaboration, combining current marketing and development capacity to create innovative products and continue to develop core strengths.
- (2) Expand the application of products and work towards developing products with high added value and diverse material for application, in order to become a leading manufacturer with all-around TPU application.
- (3) Develop products with foresight and open up a new market.
- (4) Actively broaden up markets in Europe, the Americas and Southeast Asia.
- (5) Continue the recruitment, hiring and training of excellent talent to reach the organization's mid and long term goals.
- (6) Aside from focusing on developing green and eco-friendly products, also take into consideration the industry's trends and client needs to invest in making products with high added value and improve internal core technology.

4. The impact from external competition, legal regulations and overall operations

(1) External competitive environment:

In accordance with the Taiwan Institute of Economic Research's hopes and expectations for 2023, the impact from COVID-19, the Russia-Ukraine war, high inflation and climate change has led to major economies to raise interest rates to combat inflation, with the world's manufacturing activities slowing down significantly, something that may continue into 2023; the US and Europe's economic performance may see zero growth or even a recession, and while China's economic growth may rebound after the government relaxed its COVID-19 measures, the scale of the rebound is still up for close observation as the impact loosened COVID restrictions have on the economy can only be seen over time, hence major international institutions estimate that economic growth will be slower in 2023 when compared to 2022. Additionally, the supply chain bottleneck is easing on the commodity price front, making it less possible for prices of major global commodities like crude oil and food products to soar; shrinking cargo volume, a continued decline of the Baltic Dry Index coupled with a high base period meant that the Company's products have a certain level of influence on market prices.

Responding strategy: continue to strengthen one-stop production and monitor inventory rigorously to lower costs; products that make less profit are to be eliminated with the development of newer products to maintain the Company's profit, and to combat the hit from the pandemic, adjust operation and marketing strategies to ensure smooth operation.

(2) Regulation environment:

The Company has always operated in an honest and upright manner, abiding by all laws and regulations and being socially responsible, hence there is little to no impact on the Company.

(3) Overall operation environment:

Regarding the overall operation environment for 2023, upon observing global economic conditions recently, the main prediction is for economic performance to slow down significantly in 2023, with possible recessions in Europe and the Americas. With the continued inflation, economic growth and inflation thus balanced precariously, the need for solar energy, wind power, new energy vehicles and eco-friendly green materials have risen in the world, with the existing stress of oversupplying in fossil fuels like alkene and ethylene glycol, all are worth keeping an eye on.

In response to global trends, a rolling adjustment of global presence strategies is top priority. In addition to continuing the development of products with high added value and boosting service quality, the Company will also be adjusting its internal system and operational activities to boost profits and repay our shareholders, with hopes that the shareholders will continue to support us.

Chairman Hsun-Tai Lin

General Manager Howard K. Lin

Accounting Manager  
Meng-Yang Chiu

## Appendix 2

### **Dingzing Advanced Materials Incorporated Audit Committee Audit Review Report**

The board of directors submits the company's 2022 business report, consolidated financial report, individual financial report, and earnings distribution proposal. Within these, the consolidated financial report and parent company-only financial report were audited by certified public accountants Chun-Kai Wang and A-Shen Liao of PwC Taiwan, and audit reports have been issued for such.

After review by the Audit Committee, the aforementioned business report, consolidated financial report, parent company-only financial report, and earnings distribution proposal are determined to have no inaccuracies. This report has been hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please take it under advisement.

Respectfully submitted to the

Dingzing Advanced Materials Incorporated 2023 General Shareholder Meeting

Dingzing Advanced Materials Incorporated

Audit Committee Convener: Kuo-Pin Su

March 14, 2023

### Appendix 3

#### Dingzing Advanced Materials Incorporated Rules and Procedures of Board Meetings Amendment Comparison Table

Number	Articles pre-amendment	Articles post-amendment	Notes
Article 2	This Company shall adopt rules of procedure for meetings of its board of directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.	This Company shall adopt rules of procedure for meetings of its board of directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.	Adjusted in accordance with actual management requirements
Article 3	<p>Convening board of directors meetings and meeting notifications:</p> <ol style="list-style-type: none"> <li>1. The board of directors shall meet at least quarterly, which shall be set out in the rules of procedure.</li> <li>2. When a Board of Directors meeting is convened, the reasons shall be notified to each director and supervisor at least seven days in advance. <b><u>Within</u></b> emergency circumstances, however, a meeting may be called on shorter notice.</li> <li>3. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</li> <li>4. All matters set out in the subparagraphs of Article 7, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion <b><u>except in the case of an emergency or legitimate reason.</u></b></li> </ol>	<p>Convening the board of directors and meeting notifications:</p> <ol style="list-style-type: none"> <li>1. The board of directors shall meet at least quarterly, which shall be set out in the rules of procedure.</li> <li>2. When a Board of Directors meeting is convened, the reasons <b><u>for calling the meeting</u></b> shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</li> <li>3. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</li> <li>4. All matters set out in the subparagraphs of Article 7, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</li> </ol>	Amended in accordance with Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1110383263, dated August 5, 2022 and management requirements.
Article 5	Preparation of attendance book and other documents; attendance by	Preparation of attendance book and other documents; attendance by	Adjusted in accordance

**Dingzing Advanced Materials Incorporated**  
**Rules and Procedures of Board Meetings**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>proxy:</p> <ol style="list-style-type: none"> <li>1. When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.</li> <li>2. Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference shall be deemed attendance in person.</li> <li>3. director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.</li> <li>4. The proxy referred to in <b><u>the paragraph above</u></b> may be the appointed proxy of only one person.</li> </ol>	<p>proxy:</p> <ol style="list-style-type: none"> <li>1. When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.</li> <li>2. Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference shall be deemed attendance in person.</li> <li>3. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.</li> <li>4. The proxy referred to in <b><u>paragraph 2</u></b> may be the appointed proxy of only one person.</li> </ol>	with actual management requirements
Article 8	<p>Information for Board of Directors meeting and attendance:</p> <ol style="list-style-type: none"> <li>1. The meeting staff appointed by the Board of Directors should have necessary information ready for reference during the meeting.</li> <li>2. When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting</li> </ol>	<p>Information for Board of Directors meeting and attendance:</p> <ol style="list-style-type: none"> <li>1. The meeting staff appointed by the Board of Directors should have necessary information ready for reference during the meeting.</li> <li>2. When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting</li> </ol>	

**Dingzing Advanced Materials Incorporated**  
**Rules and Procedures of Board Meetings**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>participants.</p> <p>3. When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>4. The chair shall announce the meeting's commencement when more than half of the directors are present at the time of the meeting's start.</p> <p>5. When the time of a meeting has arrived and one-half of all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting in accordance with Article 3.</p> <p>6. The term "all board directors" shall be calculated as the number of directors then in office.</p>	<p>participants.</p> <p>3. When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>4. The chair shall announce the meeting's commencement when more than half of the directors are present at the time of the meeting's start.</p> <p>5. When the time of a meeting has arrived and one-half of all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting in accordance with Article 3.</p> <p>6. The term "all board directors", as mentioned in the previous paragraph and in <b><u>paragraph 2-2 of Article 15</u></b> shall be calculated as the number of directors then in office.</p>	
Article 11	<p>Discussions:</p> <p>1. A company shall submit the following items for discussion by the board of directors:</p> <p>(1) Corporate business plan.</p> <p>(2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and</p>	<p>Discussions:</p> <p>1. A company shall submit the following items for discussion by the board of directors:</p> <p>(1) Corporate business plan.</p> <p>(2) Annual <b><u>and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and</u></b></p>	<p>Amended in accordance with Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Fa-Tzu No.</p>



**Dingzing Advanced Materials Incorporated**  
**Rules and Procedures of Board Meetings**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>regulations, need not be audited and attested by a certified public accountant (CPA).</p> <p>(3) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.</p> <p>(4) Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>(5) The offering, issuance, or private placement of any equity-type securities.</p> <p>(6) The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>(7) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p>	<p><b><u>regulations, need not be audited and attested by a certified public accountant (CPA).</u></b></p> <p>(3) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (below, the “Act”), and an assessment of the effectiveness of the internal control system.</p> <p>(4) Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</p> <p>(5) The offering, issuance, or private placement of any equity-type securities.</p> <p>(6) <b><u>The election or discharge of the chairman of the board of directors.</u></b></p> <p>(7) The appointment or discharge of a financial, accounting, or internal audit office</p> <p>(8) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting</p>	<p>1110383263, dated August 5, 2022</p>

**Dingzing Advanced Materials Incorporated**  
**Rules and Procedures of Board Meetings**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>i. The term "related party" means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>ii. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation. For foreign companies whose stock has no par value or a par value other than NT\$10, the "5 percent of paid-in capital" in paragraph 2</p>	<p>for retroactive recognition.</p> <p>i. The term "related party" means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>ii. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation. For foreign companies whose stock has no par value or a par value other than NT\$10, the "5 percent of paid-in capital" in paragraph 2</p>	

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**Rules and Procedures of Board Meetings**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>(8) Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>2. If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p> <p>3. Apart from matters referred to in</p>	<p>above shall be calculated instead as 2.5 percent of shareholder equity.</p> <p>(9) Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>2. If a company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p> <p>3. Apart from matters referred to in</p>	

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.</p> <p>4. A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>5. The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>6. If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Paragraph 5 of Article 8 of the preceding article shall apply mutatis mutandis.</p>	<p>paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.</p> <p>4. A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>5. The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting</p> <p>6. If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 5 of the preceding article shall apply mutatis mutandis.</p>	

## Appendix 4

### Dingzing Advanced Materials Incorporated Corporate Governance Best Practice Principles Amendment Comparison Table

Number	Articles pre-amendment	Articles post-amendment	Notes
Article 12	<p>In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, this Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholder meeting so as to protect the interests of the shareholders.</p> <p>When this Company is involved in a management buyout, in addition to proceeding in accordance with the applicable laws and/or regulations, it is advisable to establish an objective and independent committee to review the rationality of the acquisition price and the acquisition plan, as well as pay attention to the regulations regarding the information disclosure.</p> <p>The relevant personnel of this Company handling the matters in <u>in</u></p>	<p>In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, this Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholder meeting so as to protect the interests of the shareholders.</p> <p>When this Company is involved in a management buyout, in addition to proceeding in accordance with the applicable laws and/or regulations, it is advisable to establish an objective and independent committee to review the rationality of the acquisition price and the acquisition plan, as well as pay attention to the regulations regarding the information disclosure.</p> <p><u>When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.</u></p> <p>The relevant personnel of this Company handling the <u>merger,</u></p>	<p>Amended in accordance with Taiwan Stock Exchange Corporation Official Letter Tai-Cheng-Shang-Yi-Tzu No. 111002324 51, dated November 25, 2022</p>

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<u>the preceding paragraph</u> shall pay attention to the occurrence of any conflicts of interest and the need for recusal	<u>acquisition or public tender offer</u> matters shall pay attention to the occurrence of any conflicts of interest and the need for recusal.	

## Appendix 5

### Dingzing Advanced Materials Incorporated Regulations Regarding Financial and Business Operations with Affiliated Enterprises Amendment Comparison Table

Number	Articles pre-amendment	Articles post-amendment	Notes
Name	<b>Regulations Regarding Financial and Business Operations with Affiliated Enterprises</b>	<b>Regulations Regarding Financial and Business Operations with Affiliated Parties</b>	
Article 1	To ensure sound financial and business interactions between this Company and its affiliated <u>enterprises</u> and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Company and its affiliated <u>enterprises</u> , these Rules are adopted pursuant to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	To ensure sound financial and business interactions between this Company and its affiliated <u>parties</u> and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Company and its affiliated <u>parties</u> , these Rules are adopted pursuant to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	Taiwan Stock Exchange Corporation Official Letter Tai-Cheng-Chih-Li-Tzu No. 11100243661, dated December 23, 2022.
Article 3	Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Company and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.	Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Company and any of its affiliated parties shall be handled in accordance with the provisions of these Rules.	
Article 4	The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Company:	<u>The term "affiliated parties" as used herein is determined in accordance with the standards in the security issuing entity's financial reports.</u> The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Company:	

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**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>(1) A relationship of control or subordination.</p> <p>(2) A relationship of mutual investment.</p> <p>In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.</p>	<p>1. A relationship of control or subordination.</p> <p>2. A relationship of mutual investment.</p> <p>In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.</p>	
Article 5	<p>This Company shall establish an effective internal control system in regard to its own and <u>its affiliated enterprises'</u> overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.</p> <p>This Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated <u>enterprise</u> that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.</p>	<p>This Company shall establish an effective internal control system in regard to its own and <u>its affiliated parties'</u> (including enterprises') overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.</p> <p>This Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated <u>party</u> that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.</p>	
Article 6	<p>In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when</p>	<p>In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when</p>	



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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>exercising supervision over the operation and management of its affiliated enterprises:</p> <p>(1) The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.</p> <p>(2) A director that this Company assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and report to the Company's Director or General Manager.</p> <p>(3) A supervisor assigned to an affiliated enterprise by this Company shall supervise the affiliate's business operations, and report to the chairperson or general manager of this Company.</p>	<p>exercising supervision over the operation and management of its affiliated enterprises:</p> <p>1. The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.</p> <p>2. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, <u>and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management,</u> and report to the Company's Director or General Manager.</p> <p>3. A supervisor assigned to an affiliated enterprise by this Company shall supervise the affiliate's business operations, <u>investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record,</u> and report to the chairperson or general manager of this Company.</p>	

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**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>(4) This Company shall assign competent personnel to assume important positions at its affiliated enterprise, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.</p>	<p>4. This Company shall assign competent personnel to assume important positions at its affiliated enterprise, <u>such as general manager, financial officer, or internal audit officer</u>, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.</p> <p>5. <u>The Company, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.</u></p> <p>6. <u>In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Company must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.</u></p>	
	<p>(5) Subsidiaries of this Company shall regularly submit monthly financial statements for the preceding month to allow</p>	<p>7. Subsidiaries of the Company shall regularly submit monthly financial statements for the preceding month, <u>including</u></p>	

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter for analysis and review by this Company.	<u>balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to</u> allow management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter, <u>including balance sheets and income statements,</u> for analysis and review by the Company.	
Article 7	The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of	<u>A managerial officer of the Company may not concurrently serve as a managerial officer of any affiliated enterprise of the Company, and shall not operate the same type of business as the Company, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors.</u> The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of	

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**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	work, division of powers and responsibilities, and allocation of costs shall be specified in advance.	work, division of powers and responsibilities, and allocation of costs shall be specified in advance.	
Article 9	Any loans or endorsements/guarantees between the Company and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by the Company regarding loans to others and provision of endorsements/guarantees.	Any loans or endorsements/guarantees between the Company and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by the Company regarding loans to others and provision of endorsements/guarantees. <u>With respect to the provision of loans, endorsements, or guarantees between the Company and an affiliated enterprise, the matters set out below shall be closely reviewed, and results of the assessment submitted to the board of directors. Any loan of funds shall be made only by a resolution of the board of directors, and no other party may be authorized to decide on the matter. The board of directors, in accordance with the preceding paragraph, may authorize the chairperson to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the next board meeting:</u> 1. <u>The necessity and the reasonableness of the loan or the endorsement or guarantee. When funds are loaned or an endorsement or guarantee is</u>	

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**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>made because of business dealings, an assessment shall be made of whether the amount of the loan or amount of the endorsement or guarantee is commensurate with the total amount of the business involved. When short-term financing is needed, the reasons for and the circumstances surrounding the loan shall be set out.</u></p> <p>2. <u>A credit check and a risk assessment of the counterparty requesting the loan or the endorsement or guarantee.</u></p> <p>3. <u>The effects on the Company's operational risk and financial position and the rights and interests of its shareholders.</u></p> <p>4. <u>Whether collateral must be obtained, and an appraisal of its value.</u></p>	
	<p>(1) Any endorsement or guarantee provided pursuant to Article 5, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall first be submitted for a resolution by the board of directors of the Company, except when an endorsement or guarantee is provided between companies in which the Company directly or indirectly holds 100 percent of the voting shares.</p>	<p>Any endorsement or guarantee provided pursuant to Article 5, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall first be submitted for a resolution by the board of directors of the Company, except when an endorsement or guarantee is provided between companies in which the Company directly or indirectly holds 100 percent of the voting shares.</p>	

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>(2) Any proposed loan between the Company and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.</p> <p>(3) <u>If the Company has established independent director positions,</u> the board of directors shall give full consideration to each independent director's opinion with respect to loans, endorsements, or guarantees between the Company and any of its affiliated enterprises. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.</p> <p>(4) When a loan of funds for short-term financing is necessary between any two foreign companies in which the Company directly or indirectly holds 100 percent of the voting shares, the loan amount is not subject to the restriction of 40 percent of the net worth of the company making the loan. The amount of an endorsement or guarantee between two</p>	<p>Any proposed loan between the Company and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.</p> <p>The board of directors shall give full consideration to each independent director's opinion with respect to loans, endorsements, or guarantees between the Company and any of its affiliated enterprises. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.</p> <p>When a loan of funds for short-term financing is necessary between any two foreign companies in which the Company directly or indirectly holds 100 percent of the voting shares, the loan amount is not subject to the restriction of 40 percent of the net worth of the company making the loan. The amount of an endorsement or guarantee between two companies in which the</p>	

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>companies in which the Company directly or indirectly holds 90 percent or more of the voting shares may not exceed 10 percent of the Company's net worth, except for endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.</p> <p>(5) The Company shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, the Company shall adopt appropriate conservatory measures to safeguard its rights and interests.</p>	<p>Company directly or indirectly holds 90 percent or more of the voting shares may not exceed 10 percent of the Company's net worth, except for endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.</p> <p>The Company shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, the Company shall adopt appropriate conservatory measures to safeguard its rights and interests.</p>	
Article 10	<p>Price terms and payment methods shall be expressly stipulated for any business interaction between the Company and any affiliated <u>enterprise</u>. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.</p> <p>When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated <u>enterprise</u> based on</p>	<p>Price terms and payment methods shall be expressly stipulated for any business interaction between the Company and any affiliated <u>party</u>. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.</p> <p>When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated party, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated <u>party</u> based on</p>	

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Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.</p> <p>Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated <u>enterprise</u> shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.</p> <p>For professional or technical services provided between the Company and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of the Company, and all contract terms and conditions shall comply with normal business practice.</p> <p>By the end of each month, the accounting personnel of both the</p>	<p>market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.</p> <p>Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated <u>party</u> shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.</p> <p>For professional or technical services provided between the Company and an affiliated party, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of the Company, and all contract terms and conditions shall comply with normal business practice.</p> <p>By the end of each month, the accounting personnel of both the</p>	



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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	Company and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.	Company and its affiliated parties shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.	
Article 10-1		<u>Purchases, sales, labor or technical service transactions between this Company and others with annual transaction amounts that reach 5 percent of the Company's most recent consolidated assets or consolidated gross annual profit, aside from transactions that fall under the Regulations Governing the Acquisition and Disposal of Assets by Public Companies or are transactions between this Company and its parent or affiliated enterprises, or between affiliated enterprises, should begin the transaction only after providing the information below to the Board of Directors for approval:</u> <ol style="list-style-type: none"> <li><u>1. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.</u></li> <li><u>2. The reason for choosing the affiliated party as a trading counterparty.</u></li> <li><u>3. Calculation principles for the transaction price and the estimated transaction maximum in a year.</u></li> <li><u>4. Whether the transaction with the affiliated enterprise conforms with ordinary</u></li> </ol>	

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**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<u>commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders.</u> 5. <u>Any restrictions on the transaction and other important stipulations.</u> <u>The previously mentioned transaction with an affiliated party shall also be submitted for reporting to the shareholder meeting at the end of the year:</u> 1. <u>The amount or the terms of the transaction</u> 2. <u>Whether the transaction price meets the calculation criteria decided by the Board of Directors.</u> 3. <u>Whether the transaction went above the annual limit approved by the Board. If so, the reason, necessity and rationale should be explained.</u>	
Article 11	When this Company engages in any related enterprise transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall do so in compliance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and relevant procedures as established by the Company.	When this Company engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall do so in compliance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and relevant procedures as established by the Company. <u>When acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the</u>	

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Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</u></p> <p><u>When acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</u></p>	
Article 12		<p><u>When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except</u></p>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</u></p> <ol style="list-style-type: none"> <li>1. <u>Obtained an appraisal report from a professional appraiser or a CPA's opinion</u></li> <li>2. <u>The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</u></li> <li>3. <u>The reason for choosing the related party as a transaction counterparty.</u></li> <li>4. <u>With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</u></li> <li>5. <u>The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</u></li> <li>6. <u>Monthly cash flow forecasts for the year commencing from the anticipated month of signing of</u></li> </ol>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</u></p> <p>7. <u>Restrictive covenants and other important stipulations associated with the transaction.</u></p> <p>8. <u>An opinion issued by a CPA engaged to review whether the transaction with the affiliated enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders.</u></p> <p><u>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser. When the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price and obtain a majority of approval votes in a Board of Directors meeting in which two thirds of the directors are present.</u></p> <p><u>In an acquisition of real property from an affiliated enterprise, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be</u></p>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the board of directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of the Company and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary shall notify the board of directors to stop the transaction.</u></p> <p><u>When a transaction as described under the preceding paragraph has been approved by the board of directors and recognized by the supervisors, the Company shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, the Company shall report the handling of the above transaction to the shareholder meeting and shall disclose the details of the transaction in the annual report and any prospectus.</u></p> <p><u>When [any of] the following circumstances is present in a transaction with an affiliated party, after passage by the board of directors, the matter shall also be submitted to the shareholder meeting for passage of a resolution, and neither the affiliated enterprise nor any persons connected with the</u></p>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p><u>affiliated enterprise may participate in the voting:</u></p> <ol style="list-style-type: none"> <li><u>1. When the Company or a subsidiary thereof that is not a domestic public company have a transaction and the transaction amount will reach 10 percent or more of the public company's total assets</u></li> <li><u>2. The amount or the terms of the transaction conducted in compliance with the Company Act, Articles of Incorporation or relevant regulations that will have a material effect on the Company's operations and on shareholder equity.</u></li> </ol> <p><u>When this Company conducts the first transaction with an affiliated party, it shall report the handling of the above transaction (including transaction price, conditions and relevant information) to the shareholder meeting at the end of the year and shall disclose the details of the transaction in the annual report and any prospectus.</u></p> <p><u>If this Company has established an audit committee, matters to be recognized by the supervisors as required under this article shall be approved by a majority of all members of the audit committee and shall be resolved at the board of directors, and the provisions of Article 6, paragraphs 4 and 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall apply mutatis mutandis.</u></p>	
	When the Company's financial and business exchanges with affiliated	When the Company's financial and business exchanges with affiliated	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
Article 12 / Amended Article 13	<p>enterprises are required to be submitted for discussion to the board of directors, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.</p> <p>When any director or a juristic person represented by a director is an interested party and the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p> <p>When the audit committee members deem that the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall</p>	<p>parties are required to be submitted for discussion to the board of directors, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.</p> <p>When any director or a juristic person represented by a director is an interested party and the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p> <p>When the audit committee members deem that the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall</p>	



**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act.	forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act, take further measures to prevent the misdemeanor from expanding and when necessary, report to competent authorities.	
Article 13 / Amended Article 14	<p>Arrange for each subsidiary to provide necessary financial and business information or retain CPAs to audit or review each subsidiary's financial report.</p> <p>The Company shall, <u>in accordance with the competent authority's regulations, announce and report information on affiliated enterprises, and any material transactions between the Company and an affiliated enterprises, and must sufficiently disclose such information in accordance with the regulations.</u></p> <p>If an affiliated enterprise experiences financial difficulties, the Company shall assess the</p>	<p>Arrange for each subsidiary to provide necessary financial and business information or retain CPAs to audit or review each subsidiary's financial report <u>in compliance with the requirements of laws and regulations regarding matters to be publicly announced or reported and the time limits therefore.</u></p> <p>The Company shall <u>publicly announce the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE or TPEx within 2 days of the change. Information on any material transaction between the Company and an affiliated enterprise shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.</u></p> <p>If an affiliated party experiences financial difficulties, the Company shall <u>obtain its financial statements and related materials in order to assess the resulting effect on the</u></p>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
	<p>resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, <u>if the matter constitutes material information as specified by the competent authority</u>, the Company shall make a timely announcement of material information on the Market Observation Post System (MOPS). <u>If there are any major subsidiaries</u>, the Company shall disclose by the 10th day of each month on the MOPS the information on each major subsidiary's business volume, its balances of endorsements, guarantees, and loans of funds, statistical summaries of operating revenues for all goods and business in the preceding month.</p> <p><u>The term "major subsidiary" shall follow the competent authority's definition.</u></p>	<p>finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall <u>also</u> make a timely announcement of material information on the Market Observation Post System (MOPS).</p>	
Article 14 / Amended Article 15	<p>The Company <u>shall, for a subsidiary whose shares have not been publicly issued domestically and in accordance with competent authority regulations, make a public disclosure and regulatory filing on its behalf.</u></p>	<p>When any of the following circumstances applies to an affiliated enterprise, the Company shall make a public disclosure and regulatory filing on its behalf:</p> <ol style="list-style-type: none"> <li>1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for</li> </ol>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		<p>others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.</p> <p>2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.</p> <p>3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of the Company.</p> <p>4. Any matter regarding the unlisted parent of the Company constitutes material information under the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and of the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities.</p> <p>If the parent of the Company is a foreign company, the Company shall make a filing of the following information on its behalf before the opening of trading hours on the first business day following the day on which the Company becomes aware of the information or on which there is media reporting of the information:</p> <p>1. A material change in</p>	

**Dingzing Advanced Materials Incorporated**  
**Regulations Regarding Financial and Business Operations with Affiliated Enterprises**  
**Amendment Comparison Table**

Number	Articles pre-amendment	Articles post-amendment	Notes
		shareholder equity. 2. A material change in business policy. 3. A material disaster resulting in serious reduction or complete cessation of production. 4. A material effect on the rights and interests of shareholders or the parent's operations resulting from a change in the laws, regulations, or rules of the parent's home country. 5. Mass media reporting about the parent sufficient to affect the securities prices of the Company. 6. The occurrence of any other material event that, pursuant to the laws or regulations of the foreign company's home country, must be filed immediately.	
Article 15 / Amended Article 16	(Passed by the Board of Directors and amended) These Rules, and any amendments hereto, shall be implemented after agreed to by the audit committee and adoption by the board of directors.	(Passed by the Board of Directors and amended) These Rules, and any amendments hereto, shall be implemented after agreed to by the audit committee and adoption by the board of directors.	

## Appendix 6

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000500

To the Board of Directors and Stockholders of Dingzing Advanced Materials Incorporated

#### ***Opinion***

We have audited the accompanying consolidated balance sheets of Dingzing Advanced Materials Incorporated and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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

We conducted our audits in accordance with the Regulations Governing 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

#### **Appropriateness of sales revenue cut-off**

##### Description

Please refer to Note 4(25) for the accounting policies on revenue recognition.

All of the Group's operating revenue are revenue from contracts with customers. The revenue is recognised when the control of the products has transferred and when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Given that a manual process and judgments are involved in the process of transferring the control of the products and fulfilling the contracts, it raises concern about whether the revenue accrued near the financial period-end was recognised in an appropriate manner. Hence, the sales revenue cut-off is identified as a key audit matter.

##### How our audit addressed the matter

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

1. Obtained an understanding, assessed and tested whether the internal controls of the sales recognition process is effectively designed and implemented.
2. Verified if the revenue is recognised in an appropriate manner by testing transactions conducted during a certain period of time immediately prior to and after the financial period end, agreeing documentation required for revenue recognition and determining the cut-off based on the terms of sales.

### **Allowance for inventory valuation loss**

#### Description

Please refer to Note 4(12) for the accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(4) for the details of the inventories.

The inventories are stated at the lower of cost and net realisable value. The net realisable value is subject to management judgement when individually identifying the excess or damaged inventories among numerous items. Thus, the allowance for valuation loss is identified as a key audit matter given the estimate uncertainty.

#### How our audit addressed the matter

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

1. Based on our understanding of the Group's businesses and industry, assessed that the policies are reasonable relating to the allowance for inventory valuation loss, including policies associated with scrapped or sold inventories, judgement on excess or obsolete items and the consistency of policies on estimates.
2. Verified whether the reports are consistent with the Group's accounting policy, agreed with scrapped or sold inventories by sampling the individual items of inventories and assessed whether the allowance for inventory valuation loss is appropriate.

### ***Other matter – Parent company only financial statements***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Dingzing Advanced Materials Incorporated as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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



1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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WANG, CHUN-KAI

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Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

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

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

**DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
Notes			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 473,773	10	\$ 382,515	8
1136	Current financial assets at amortised cost	6(2)	-	-	55,308	1
1150	Notes receivable, net	6(3)	22,635	-	21,427	1
1170	Accounts receivable, net	6(3) and 7	323,628	7	287,576	6
130X	Inventories	6(4)	683,610	14	619,550	13
1410	Prepayments		69,183	1	31,511	1
1476	Other current financial assets		487	-	579	-
1479	Other current assets, others	6(5)	27,351	-	47,932	1
11XX	Current Assets		1,600,667	32	1,446,398	31
Non-current assets						
1600	Property, plant and equipment	6(6) and 8	3,182,959	65	2,890,566	63
1755	Right-of-use assets	6(7)	84,916	2	149,930	3
1780	Intangible assets	6(8)	6,928	-	8,461	-
1840	Deferred income tax assets	6(24)	35,165	1	33,259	1
1915	Prepayments for business facilities		9,253	-	63,215	2
1920	Guarantee deposits paid	8	8,299	-	6,321	-
15XX	Non-current assets		3,327,520	68	3,151,752	69
1XXX	Total assets		\$ 4,928,187	100	\$ 4,598,150	100

(Continued)

**DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9) and 8	\$ 300,000	6	\$ -	-
2130	Current contract liabilities	6(17)	10,777	-	45,206	1
2170	Accounts payable		60,414	1	31,221	1
2180	Accounts payable to related parties	7	40,413	1	55,683	1
2200	Other payables	6(10)	185,659	4	192,652	4
2230	Current income tax liabilities		67,301	1	60,682	1
2280	Current lease liabilities		13,652	-	15,752	-
2320	Long-term liabilities, current portion	6(11) and 8	355,824	7	204,051	4
2399	Other current liabilities, others	6(11)	19,845	1	22,646	1
21XX	<b>Current Liabilities</b>		<u>1,053,885</u>	<u>21</u>	<u>627,893</u>	<u>13</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(11) and 8	831,785	17	1,400,865	31
2580	Non-current lease liabilities		71,965	2	136,290	3
2630	Long-term deferred revenue	6(11)	14,145	-	11,888	-
2645	Guarantee deposits received		433	-	-	-
25XX	<b>Non-current liabilities</b>		<u>918,328</u>	<u>19</u>	<u>1,549,043</u>	<u>34</u>
2XXX	<b>Total Liabilities</b>		<u>1,972,213</u>	<u>40</u>	<u>2,176,936</u>	<u>47</u>
<b>Equity</b>						
Share capital						
3110	Share capital - common stock	6(13)(14)	692,430	14	615,480	13
Capital surplus						
3200	Capital surplus	6(15)	585,400	12	194,589	4
Retained earnings						
3310	Legal reserve	6(16)	222,005	5	193,981	4
3320	Special reserve		20,672	-	19,273	1
3350	Unappropriated retained earnings		1,447,061	29	1,418,563	31
Other equity interest						
3400	Other equity interest		( 11,594)	-	( 20,672)	-
3XXX	<b>Total equity</b>		<u>2,955,974</u>	<u>60</u>	<u>2,421,214</u>	<u>53</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		\$ 4,928,187	100	\$ 4,598,150	100

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

**DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	\$ 2,607,212	100	\$ 2,539,743	100
5000	Operating costs	6(4)(22)(23) and 7	( 1,929,087 )	( 74 )	( 1,844,066 )	( 73 )
5900	Net operating margin		678,125	26	695,677	27
	Operating expenses	6(4)(8)(22)(23)				
6100	Selling expenses		( 163,806 )	( 6 )	( 178,054 )	( 7 )
6200	General and administrative expenses		( 110,726 )	( 4 )	( 105,816 )	( 4 )
6300	Research and development expenses		( 107,233 )	( 4 )	( 73,559 )	( 3 )
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	( 2,711 )	-	( 8,075 )	-
6000	Total operating expenses		( 379,054 )	( 14 )	( 365,504 )	( 14 )
6900	Operating profit		299,071	12	330,173	13
	Non-operating income and expenses					
7100	Interest income	6(18)	3,433	-	2,018	-
7010	Other income	6(7)(19)	26,388	1	50,739	2
7020	Other gains and losses	6(20)	28,755	1	6,620	-
7050	Finance costs	6(7)(9)(11)(21)	( 22,161 )	( 1 )	( 19,116 )	( 1 )
7000	Total non-operating income and expenses		36,415	1	27,021	1
7900	<b>Profit before income tax</b>		335,486	13	357,194	14
7950	Income tax expense	6(24)	( 69,834 )	( 3 )	( 76,948 )	( 3 )
8200	<b>Profit for the year</b>		\$ 265,652	10	\$ 280,246	11
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Other comprehensive income (loss), before tax, exchange differences on translation		\$ 9,078	1	( \$ 1,399 )	-
8300	<b>Other comprehensive income (loss) for the year, net of tax</b>		\$ 9,078	1	( \$ 1,399 )	-
8500	<b>Total comprehensive income for the year</b>		\$ 274,730	11	\$ 278,847	11
	Profit, attributable to:					
8610	Owners of the parent		\$ 265,652	10	\$ 280,246	11
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 274,730	11	\$ 278,847	11
	Earnings per share	6(25)				
9750	Total basic earnings per share		\$ 4.00		\$ 4.55	
9850	Total diluted earnings per share		\$ 3.99		\$ 4.54	

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

DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent						
	Retained Earnings						Total equity
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>Year ended December 31, 2021</u>							
Balance at January 1, 2021	\$ 615,480	\$ 256,137	\$ 187,733	\$ 17,895	\$ 1,176,717	(\$ 19,273)	\$ 2,234,689
Profit for the year	-	-	-	-	280,246	-	280,246
Other comprehensive loss	-	-	-	-	-	( 1,399)	( 1,399)
Total comprehensive income (loss)	-	-	-	-	280,246	( 1,399)	278,847
Appropriation 2020 earnings :							
Legal reserve appropriated	-	-	6,248	-	( 6,248)	-	-
Special reserve	-	-	-	1,378	( 1,378)	-	-
Cash dividends	-	-	-	-	( 30,774)	-	( 30,774)
Cash dividends from capital surplus	-	( 61,548)	-	-	-	-	( 61,548)
Balance at December 31, 2021	\$ 615,480	\$ 194,589	\$ 193,981	\$ 19,273	\$ 1,418,563	(\$ 20,672)	\$ 2,421,214
<u>Year ended December 31, 2022</u>							
Balance at January 1, 2022	\$ 615,480	\$ 194,589	\$ 193,981	\$ 19,273	\$ 1,418,563	(\$ 20,672)	\$ 2,421,214
Profit for the year	-	-	-	-	265,652	-	265,652
Other comprehensive income	-	-	-	-	-	9,078	9,078
Total comprehensive income	-	-	-	-	265,652	9,078	274,730
Appropriation 2021 earnings :							
Legal reserve appropriated	-	-	28,024	-	( 28,024)	-	-
Special reserve	-	-	-	1,399	( 1,399)	-	-
Cash dividends	-	-	-	-	( 207,731)	-	( 207,731)
Proceeds from issuance of shares	76,950	390,811	-	-	-	-	467,761
Balance at December 31, 2022	\$ 692,430	\$ 585,400	\$ 222,005	\$ 20,672	\$ 1,447,061	(\$ 11,594)	\$ 2,955,974

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

**DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 335,486	\$ 357,194
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	( 2,711 )	8,075
Depreciation expense	6(6)(7)(22)	208,572	202,605
Amortization expense	6(8)(22)	1,273	1,352
Interest income	6(18)	( 3,433 )	( 2,018 )
Interest expense	6(21)	22,161	19,116
Government grant revenue (shown as deduction on operating costs)	6(4)	( 445 )	( 2,480 )
Losses (gains) on disposal of property, plant and equipment	6(20)	( 5 )	84
Loss on disposal of intangible assets	6(8)	746	-
Profit from lease modification	6(7)(19)	( 17 )	( 28,589 )
Impairment loss recognised in profit or loss, other receivables	6(20)	11,726	-
Unrealised exchange (gains) losses		1,890	( 21,703 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,086 )	20,935
Accounts receivable		( 28,779 )	( 10,457 )
Inventories		( 63,039 )	( 280,449 )
Prepayments		( 37,567 )	( 8,795 )
Other current financial assets		2	( 374 )
Other current assets, other		9,469	( 3,719 )
Changes in operating liabilities			
Current contract liabilities		( 34,544 )	( 3,607 )
Notes payable		-	( 79 )
Accounts payable		29,253	( 15,462 )
Accounts payable to related parties		( 15,202 )	( 39,488 )
Other payables		5,854	38,378
Other current liabilities, others		( 3,701 )	( 231 )
Cash inflow generated from operations		435,903	230,288
Interest received		3,524	2,048
Interest paid		( 15,395 )	( 14,332 )
Income tax paid		( 64,524 )	( 15,321 )
Net cash flows from operating activities		359,508	202,683

(Continued)

DINGZING ADVANCED MATERIALS INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 55,308 )
Proceeds from disposal of financial assets at amortised		55,308	-
Acquisition of property, plant and equipment	6(26)	( 246,022 )	( 222,432 )
Increase in prepayments for business facilities	6(26)	( 194,694 )	( 272,747 )
Proceeds from disposal of property, plant and equipment		196	334
Acquisition of intangible assets	6(8)	( 486 )	( 693 )
(Increase) decrease in refundable deposits		( 1,822 )	( 2,708 )
Net cash flows used in investing activities		( 387,520 )	( 553,554 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(27)	1,300,000	800,000
Repayments from short-term borrowings	6(27)	( 1,000,000 )	( 902,359 )
Proceeds from long-term borrowings	6(27)	193,200	483,500
Repayments of long-term borrowings	6(27)	( 613,956 )	( 398,332 )
Payments of lease liabilities	6(27)	( 21,647 )	( 17,554 )
Increase in guarantee deposits received	6(27)	420	-
Cash dividends paid (cash dividends from capital surplus)	6(16)	( 207,731 )	( 92,322 )
Proceeds from issuance of shares	6(14)	467,761	-
Net cash flows from (used in) financing activities		118,047	( 127,067 )
Effect of exchange rate changes		1,223	23,613
Net increase (decrease) in cash and cash equivalents		91,258	( 454,325 )
Cash and cash equivalents at beginning of year	6(1)	382,515	836,840
Cash and cash equivalents at end of year	6(1)	\$ 473,773	\$ 382,515

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



INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000501

To the Board of Directors and Stockholders of Dingzing Advanced Materials Incorporated

***Opinion***

We have audited the accompanying parent company only balance sheets of Dingzing Advanced Materials Incorporated (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing 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 Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

#### **Appropriateness of sales revenue cut-off**

##### Description

Please refer to Note 4(24) for the accounting policies on revenue recognition.

All of the Company's operating revenue are revenue from contracts with customers. The revenue is recognised when the control of the products has transferred and when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Given that a manual process and judgments are involved in the process of transferring the control of the products and fulfilling the contracts, it raises concern about whether the revenue accrued near the financial period-end was recognised in an appropriate manner. Hence, the sales revenue cut-off is identified as a key audit matter.

##### How our audit addressed the matter

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

1. Obtained an understanding, assessed and tested whether the internal controls of the sales recognition process is effectively designed and implemented.
2. Verified if the revenue is recognised in an appropriate manner by testing transactions conducted during a certain period of time immediately prior to and after the financial period end, agreeing documentation required for revenue recognition and determining the cut-off based on the terms of sales.

### **Allowance for inventory valuation loss**

#### Description

Please refer to Note 4(10) for the accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumption on inventory evaluation; and Note 6(4) for the details of the inventories.

The inventories are stated at the lower of cost and net realisable value. The net realisable value is subject to management judgement when individually identifying the excess or damaged inventories among numerous items. Thus, the allowance for valuation loss is identified as a key audit matter given the estimate uncertainty.

#### How our audit addressed the matter

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

1. Based on our understanding of the Company's businesses and industry, assessed that the policies are reasonable relating to the allowance for inventory valuation loss, including policies associated with scrapped or sold inventories, judgement on excess or obsolete items and the consistency of policies on estimates.
2. Verified whether the reports are consistent with the Company's accounting policy, agreed with scrapped or sold inventories by sampling the individual items of inventories and assessed whether the allowance for inventory valuation loss is appropriate.

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

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

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

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

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

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

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

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

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

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WANG, CHUN-KAI

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Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

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

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

**DINGZING ADVANCED MATERIALS INCORPORATED**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 248,441	5	\$ 217,078	5
1136	Current financial assets at amortised cost	6(2)	-	-	55,308	1
1150	Notes receivable, net	6(3)	8,967	-	12,565	-
1170	Accounts receivable, net	6(3)	161,257	3	228,789	5
1180	Accounts receivable - related parties, net	6(3) and 7	196,654	4	62,247	1
1210	Other receivables - related parties	7	15,872	1	-	-
130X	Inventories	6(4)	636,683	13	569,313	13
1410	Prepayments		66,745	2	30,315	1
1476	Other current financial assets		487	-	577	-
1479	Other current assets, others		10,331	-	15,300	-
11XX	<b>Current Assets</b>		<u>1,345,437</u>	<u>28</u>	<u>1,191,492</u>	<u>26</u>
<b>Non-current assets</b>						
1550	Investments measured by equity method	6(5)	239,953	5	234,632	5
1600	Property, plant and equipment	6(6) and 8	3,180,177	65	2,887,222	64
1755	Right-of-use assets	6(7)	61,429	1	121,367	3
1780	Intangible assets	6(8)	6,928	-	8,461	-
1840	Deferred income tax assets	6(23)	27,739	1	22,225	1
1915	Prepayments for business facilities		9,253	-	63,215	1
1920	Guarantee deposits paid	8	6,521	-	4,709	-
15XX	<b>Non-current assets</b>		<u>3,532,000</u>	<u>72</u>	<u>3,341,831</u>	<u>74</u>
IXXX	<b>Total assets</b>		<u>\$ 4,877,437</u>	<u>100</u>	<u>\$ 4,533,323</u>	<u>100</u>

(Continued)

**DINGZING ADVANCED MATERIALS INCORPORATED**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 300,000	6	\$ -	-
2130	Current contract liabilities	6(17)	6,329	-	38,048	1
2170	Accounts payable		60,414	1	31,187	1
2180	Accounts payable to related parties	7	40,413	1	55,683	1
2200	Other payables	6(10) and 7	164,189	3	168,757	4
2230	Current income tax liabilities		67,309	2	57,065	1
2280	Current lease liabilities		5,570	-	2,965	-
2320	Long-term liabilities, current portion	6(11) and 8	355,824	7	204,051	5
2399	Other current liabilities, others	6(11)	19,814	1	21,940	-
21XX	Current Liabilities		1,019,862	21	579,696	13
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	831,785	17	1,400,865	31
2580	Non-current lease liabilities		55,671	1	119,660	3
2630	Long-term deferred revenue	6(11)	14,145	-	11,888	-
25XX	Non-current liabilities		901,601	18	1,532,413	34
2XXX	Total Liabilities		1,921,463	39	2,112,109	47
Equity						
	Share capital	6(13)(14)				
3110	Share capital - common stock		692,430	14	615,480	14
	Capital surplus	6(15)				
3200	Capital surplus		585,400	12	194,589	4
	Retained earnings	6(16)				
3310	Legal reserve		222,005	5	193,981	4
3320	Special reserve		20,672	-	19,273	-
3350	Unappropriated retained earnings		1,447,061	30	1,418,563	31
	Other equity interest					
3400	Other equity interest		( 11,594)	-	( 20,672)	-
3XXX	Total equity		2,955,974	61	2,421,214	53
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 4,877,437	100	\$ 4,533,323	100

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



**DINGZING ADVANCED MATERIALS INCORPORATED**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

				Year ended December 31			
Items	Notes	2022		2021			
		AMOUNT	%	AMOUNT	%		
4000 Sales revenue	6(17) and 7	\$ 2,473,159	100	\$ 2,485,879	100		
5000 Operating costs	6(4)(21)(22) and 7	( 1,922,161)	( 78)	( 1,877,857)	( 76)		
5900 Net operating margin		550,998	22	608,022	24		
5910 Unrealized profit (loss) from sales	6(5)	3,438	-	( 3,909)	-		
5950 Net operating margin, net Operating expenses	6(4)(8)(21)(22) and 7	554,436	22	604,113	24		
6100 Selling expenses		( 106,093)	( 4)	( 119,333)	( 5)		
6200 General & administrative expenses		( 81,396)	( 3)	( 74,367)	( 3)		
6300 Research and development expenses		( 107,233)	( 5)	( 73,559)	( 3)		
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	945	-	( 709)	-		
6000 Total operating expenses		( 293,777)	( 12)	( 267,968)	( 11)		
6900 Operating profit		260,659	10	336,145	13		
Non-operating income and expenses							
7100 Interest income		2,580	-	986	-		
7010 Other income	6(18)	14,734	1	14,225	1		
7020 Other gains and losses	6(19)	47,126	2	( 6,355)	-		
7050 Finance costs	6(7)(9)(11)(20)	( 21,409)	( 1)	( 18,340)	( 1)		
7070 Share of profit of subsidiaries and associates accounted for using equity method	6(5)	25,141	1	25,943	1		
7000 Total non-operating income and expenses		68,172	3	16,459	1		
7900 Profit before income tax		328,831	13	352,604	14		
7950 Income tax expense	6(23)	( 63,179)	( 2)	( 72,358)	( 3)		
8200 Profit for the year		\$ 265,652	11	\$ 280,246	11		
Other comprehensive income							
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Other comprehensive income (loss), before tax, exchange differences on translation	6(5)	\$ 9,078	-	( \$ 1,399)	-		
8300 Other comprehensive income (loss) for the year, net of tax		\$ 9,078	-	( \$ 1,399)	-		
8500 Total comprehensive income for the year		\$ 274,730	11	\$ 278,847	11		
Basic earnings per share	6(24)						
9750 Total basic earnings per share		\$ 4.00		\$ 4.55			
9850 Total diluted earnings per share		\$ 3.99		\$ 4.54			

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

**DINGZING ADVANCED MATERIALS INCORPORATED**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Retained Earnings							Financial statements translation differences of foreign operations	Total equity
	Notes	Share capital - common stock	Capital surplus- additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>Year ended December 31, 2021</u>									
Balance at January 1, 2021		\$ 615,480	\$ 256,137	\$ 187,733	\$ 17,895	\$ 1,176,717	(\$ 19,273)	\$ 2,234,689	
Profit for the year		-	-	-	-	280,246	-	280,246	
Other comprehensive loss	6(5)	-	-	-	-	-	(1,399)	(1,399)	
Total comprehensive income (loss)		-	-	-	-	280,246	(1,399)	278,847	
Appropriation 2020 earnings:									
Legal reserve appropriated		-	-	6,248	-	(6,248)	-	-	
Special reserve		-	-	-	1,378	(1,378)	-	(30,774)	
Cash dividends	6(16)	-	(61,548)	-	-	(30,774)	-	(61,548)	
Cash dividends from capital surplus	6(16)	-	-	-	-	-	-	-	
Balance at December 31, 2021		\$ 615,480	\$ 194,589	\$ 193,981	\$ 19,273	\$ 1,418,563	(\$ 20,672)	\$ 2,421,214	
<u>Year ended December 31, 2022</u>									
Balance at January 1, 2022		\$ 615,480	\$ 194,589	\$ 193,981	\$ 19,273	\$ 1,418,563	(\$ 20,672)	\$ 2,421,214	
Profit for the year		-	-	-	-	265,652	-	265,652	
Other comprehensive income	6(5)	-	-	-	-	-	9,078	9,078	
Total comprehensive income		-	-	-	-	265,652	9,078	274,730	
Appropriation 2021 earnings:									
Legal reserve appropriated		-	-	28,024	-	(28,024)	-	-	
Special reserve		-	-	-	1,399	(1,399)	-	(207,731)	
Cash dividends	6(16)	-	-	-	-	(207,731)	-	-	
Issuance of shares	6(13)(14)	76,950	390,811	-	-	-	-	467,761	
Balance at December 31, 2022		\$ 692,430	\$ 585,400	\$ 222,005	\$ 20,672	\$ 1,447,061	(\$ 11,594)	\$ 2,955,974	

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

DINGZING ADVANCED MATERIALS INCORPORATED  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 328,831	\$ 352,604
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	( 945 )	709
Depreciation expense	6(6)(7)(21)	190,438	186,212
Amortization expense	6(8)(21)	1,273	1,224
Interest income		( 2,580 )	( 986 )
Interest expense	6(20)	21,409	18,340
Government grant revenue (shown as deduction on operating costs)	6(4)	( 445 )	( 2,480 )
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	( 25,141 )	( 25,943 )
Gain on disposal of property, plant and equipment	6(19)	( 42 )	( 96 )
Loss on disposal of intangible assets	6(8)	746	-
Unrealised profit (loss) from sales	6(5)	( 3,438 )	3,909
Unrealised exchange (gains) losses		1,890	( 21,703 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		3,602	807
Accounts receivable		68,116	( 3,023 )
Accounts receivable - related parties		( 136,903 )	( 48,428 )
Inventories		( 67,370 )	( 246,213 )
Prepayments		( 36,430 )	( 9,014 )
Other current financial assets		-	( 371 )
Other current assets, other		4,969	( 2,100 )
Changes in operating liabilities			
Current contract liabilities		( 31,719 )	18,237
Accounts payable		29,287	( 15,495 )
Accounts payable to related parties		( 15,202 )	( 39,487 )
Other payable		8,737	27,660
Other current liabilities, others		( 2,990 )	( 413 )
Cash inflow generated from operations		336,093	193,950
Dividends received		16,063	-
Interest received		2,670	1,016
Interest paid		( 14,692 )	( 13,567 )
Income tax paid		( 54,884 )	( 11,808 )
Net cash flows from operating activities		285,250	169,591

(Continued)

**DINGZING ADVANCED MATERIALS INCORPORATED**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 55,308 )
Disposal of financial assets at amortised cost		55,308	-
Acquisition of investments accounted for using the equity method	6(5)	( 3,312 )	( 28,803 )
Acquisition of property, plant and equipment	6(25)	( 245,326 )	( 221,536 )
Increase in prepayments for business facilities	6(25)	( 194,694 )	( 272,747 )
Proceeds from disposal of property, plant and equipment		42	96
Acquisition of intangible assets	6(8)	( 486 )	( 693 )
Increase in guarantee deposits paid		( 1,812 )	( 2,727 )
Net cash flows used in investing activities		( 390,280 )	( 581,718 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(26)	1,300,000	800,000
Repayments from short-term borrowings	6(26)	( 1,000,000 )	( 900,000 )
Proceeds from long-term borrowings	6(26)	193,200	483,500
Repayments of long-term borrowings	6(26)	( 613,956 )	( 398,332 )
Payments of lease liabilities	6(26)	( 4,674 )	( 2,988 )
Cash dividends paid (cash dividends from capital surplus)	6(16)	( 207,731 )	( 92,322 )
Proceeds from issuance of shares	6(14)	467,761	-
Net cash flows from (used in) financing activities		134,600	( 110,142 )
Effect of exchange rate changes on cash and cash equivalents		1,793	25,276
Net increase (decrease) in cash and cash equivalents		31,363	( 496,993 )
Cash and cash equivalents at beginning of year	6(1)	217,078	714,071
Cash and cash equivalents at end of year	6(1)	\$ 248,441	\$ 217,078

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

Attachment 8

Dingzing Advanced Materials Incorporated  
Surplus Allocation Statement  
2022

Unit: NT\$

Item	Amount
<b>Beginning retained earnings</b>	<b>1,181,409,092</b>
<b>Add: Net profit after tax</b>	<b>265,651,544</b>
<b>Minus: 10% statutory surplus reserve</b>	<b>26,565,154</b>
<b>Add: Special reserve</b>	<b>9,077,879</b>
<b>Surplus available for allocation</b>	<b>1,429,573,361</b>
Allocation:	
Shareholder dividend - in cash (NT\$3 per share)	<b>207,729,000</b>
<b>Surplus unallocated at end of period</b>	<b>1,221,844,361</b>

Chairman Hsun-Tai Lin

General Manager Howard K. Lin

Accounting Manager  
Meng-Yang Chiu

## Appendix 1

### **Dingzing Advanced Materials Incorporated Rules and Procedures of Shareholders' Meetings (6th Edition)**

#### **Article 1**

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

#### **Article 2**

The rules of procedures for the Company's shareholder meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules.

#### **Article 3 (Convening shareholder meetings and shareholder meeting notices)**

Unless otherwise provided by the law or regulation, the Company's shareholder meetings shall be convened by the Board of Directors.

The creation of the Company's shareholder meeting agenda handbooks shall be carried out in accordance with the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.

Changes to how the Company convenes its shareholder meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholder meeting notice.

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

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

1. For in-person shareholder meetings, to be distributed on-site at the meeting.
2. For hybrid shareholder meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholder meetings, electronic files shall be shared on the virtual

meeting platform.

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

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

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

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

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

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

Prior to the date for issuance of notice of a shareholder 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. At the shareholder meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### **Article 4**

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholder meeting, and shall deliver the proxy form to the Company five days before the date of

the shareholder meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

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

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

#### **Article 5 (Principles determining the time and place of a shareholder meeting)**

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

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholder meeting.

#### **Article 6 (Preparation of documents such as the attendance book)**

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

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

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

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

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

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

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

In the event of a virtual shareholder meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes



before the meeting starts, and keep this information disclosed until the end of the meeting.

**Article 6-1 (Convening virtual shareholder meetings and particulars to be included in shareholder meeting notice)**

To convene a virtual shareholder meeting, the Company shall include the follow particulars in the shareholder meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholder meeting shall not attend the postponed or resumed session.
  - (3) In the event of a hybrid shareholder meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholder meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholder meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholder meeting.
  - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholder meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.

**Article 7 (The chair and non-voting participants of a shareholder meeting)**

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

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

It is advisable that shareholder meetings convened by the Board of Directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor

in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

#### **Article 8 (Documentation of a shareholder meeting by audio or video)**

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

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

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

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

In the event of a virtual shareholder meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

#### **Article 9**

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

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

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

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

online shall re-register to the Company in accordance with Article 6.

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

#### **Article 10 (Discussion of proposals)**

If a shareholder meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholder meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholder meeting convened by a party with the power to convene that is not the Board of Directors.

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

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

#### **Article 11 (Shareholder speech)**

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

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

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

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

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

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

Where a virtual shareholder meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations

in paragraphs 1 to 5 do not apply.

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

#### **Article 12 (Calculation of voting shares and recusal system)**

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

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

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

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

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

#### **Article 13**

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

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholder meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person.

But to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholder meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholder meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholder meeting, the voting rights exercised by the proxy in 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 chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

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

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

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

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

#### **Article 14 (Election of directors and supervisors)**

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## **Article 15**

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

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

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

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

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

## **Article 16 (Public disclosure)**

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

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

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

## **Article 17 (Maintaining order at the meeting place)**

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

The chair may direct the proctors or security personnel to help maintain order at the meeting

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

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

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

#### **Article 18 (Recess and resumption of a shareholder meeting)**

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

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

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

#### **Article 19 (Disclosure of information at virtual meetings)**

In the event of a virtual shareholder meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform in accordance with the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

#### **Article 20 (Location of the chair and secretary of virtual-only shareholder meeting)**

When the Company convenes a virtual-only shareholder meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

#### **Article 21 (Handling of disconnection)**

In the event of a virtual shareholder meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholder meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholder meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholder meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholder meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholder meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholder meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholder meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholder meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting shall continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholder meeting.

When postponing or resuming a meeting in accordance with the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholder meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholder meeting that is postponed or resumed under the second paragraph.

## **Article 22 (Handling of digital divide)**

When convening a virtual-only shareholder meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online.

## **Article 23**

These Rules shall take effect after having been submitted to and approved by the audit committee and the Board of Directors, and reported to a shareholder meeting. Subsequent amendments thereto shall be effected in the same manner.



## Appendix 2

### **Dingzing Advanced Materials Incorporated** **Articles of Incorporation** (as per 25<sup>th</sup> amendment)

#### **Section I General Principles**

- Article 1: The Company is duly organized as a company limited by shares under the Company Act of Taiwan, with the English name DINGZING ADVANCED MATERIALS INCORPORATED.
- Article 2: Main content of the Company's business:
1. C801010 Basic Chemical Industrial
  2. C805010 Manufacture of Plastic Sheets, Pipes and Tubes
  3. C805020 Manufacture of Plastic Films and Bags
  4. C805990 Other Plastic Products Manufacturing
  5. F107200 Wholesale of Chemical Feedstock
  6. F107190 Wholesale of Plastic Films and Bags
  7. F401010 International Trade
  8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is headquartered in Kaohsiung City, and when necessary may establish branch offices at home and abroad via resolutions of the Board of Directors; establishment, abolishment, and change of such branch offices shall all be handled in accordance with Board of Directors' resolutions.
- Article 4: The Company's public announcements are handled in accordance with the Company Act and other relevant laws and regulations.

#### **Section II Shares**

- Article 5: The authorized capital of the Company is NT\$1 billion, divided into 100 million shares. The par value of each share is NT\$10. Among these shares, NT\$90 million will be distributed in 9 million shares at NT\$10 per share, reserved for the holders of employee stock warrants; the Board of Directors is authorized to issue the remaining shares in separate installments in accordance with actual need.
- Article 6: The Company need not print its share certificates, but such certificates shall be registered with a centralized securities depository enterprise.
- Article 7: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to a General shareholder meetings, or for 30 days prior to an special shareholder meetings, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.
- Unless regulated otherwise by competent authorities, the Company handles business in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 7-1: Recipients of transfers of treasury shares purchased legally by the Company include employees of parents or subsidiaries of the Company meeting certain specific requirements.
- Recipients of the Company's employee stock warrants include employees of parents or

subsidiaries of the Company meeting certain specific requirements.

When the Company issues new shares, employees entitled to receive shares shall include employees of parents or subsidiaries of the Company meeting certain specific requirements.

Recipients of restricted stock for employees shall include employees of parents or subsidiaries of the Company meeting certain specific requirements.

### **Section III Shareholder meeting**

- Article 8: Shareholder meetings shall be of two kinds: General shareholder meetings, and special shareholder meetings. General shareholder meetings are convened once per year within six months from the close of the fiscal year. Special shareholder meetings may be convened in accordance with applicable laws and regulations whenever necessary.
- Article 9: Shareholder meetings shall be convened by the Board, and the Chairperson of the Board shall preside shareholder meetings. If the Chairperson of the Board is on leave or absent, the meeting shall be handled in accordance with Article 208 of the Company Act.
- Article 10: A shareholder unable to attend the shareholder meeting in person may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy, all in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, unless that stated by Article 177 of the Company Act.
- Article 11: Each shareholder of the Company is entitled to one vote per share, unless in circumstances stated by the Company act.
- Article 12: Except as otherwise provided by the Company Act, resolutions of a shareholder meeting shall be adopted at a meeting attended by shareholders representing a majority of the total number of issued shares and at which meeting a majority of the shareholders vote in favor of such resolutions.
- In a shareholder meeting, votes can be cast electronically or in person. Shareholder meetings are held virtually or in a method as announced by central competent authorities. Virtual meeting procedures will be handled in accordance with the Company Act and regulations established by competent authorities.
- Article 13: Resolutions of shareholder meetings shall be recorded in the meeting minutes, which shall have the signature or the seal of the chairperson of the meeting affixed and be sent to each shareholder within twenty (20) days following the meeting. The making and distribution of the aforementioned meeting minutes can be done electronically. Publicly listed corporations can adopt the means of public announcement for distributing the said meeting minutes.
- Article 14: After the Company issued its stocks publicly and wishes to delist, aside from obtaining the approval of the Board of Directors, it is to handle matters in accordance with Article 156-2 of the Company Act.

### **Section IV Directors and the Audit Committee**

- Article 15: The Company shall have from seven to eleven directors, to be elected from persons having legal capacity at a shareholder meeting to hold office for a term of three years, and eligible for re-election. In the event that no election of new directors is effected after

expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

In the number of directors mentioned above, the number of independent directors shall be no less than two, and shall be no less than one fifth of the total number of directors. The independent directors shall be elected at the shareholder meeting using the candidate nomination system and from among a list of candidates. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by competent authorities.

The Company's directors shall be elected at the shareholder meeting using the candidate nomination system and from among a list of candidates.

Article 16: When director vacancies reach one-third or more, the Company shall convene a special shareholder meeting within 60 days of the occurrence of that fact to hold a director by-election. The terms of directors elected in this fashion shall be limited to those of the original directors.

When independent director(s) are dismissed, such that their number falls below that specified in Article 15 of these Articles of Incorporation, the Company shall convene a special shareholder meeting within 60 days of the occurrence for a by-election.

Article 17: The Board of Directors shall be composed of Directors, and Directors shall elect from among themselves a Chairperson of the Board to represent the Company, by a majority in a meeting attended by over half of the Directors.

Article 18: The chairman is the chair of the Board of Directors. If the Chairperson of the Board is on leave or absent or cannot exercise his/her duty, a proxy shall be designated in accordance with Article 208 of the Company Act. Each director shall attend the meeting of the Board of Directors in person, unless as otherwise provided for in the Articles of Incorporation that a director may be represented by another director.

In the event that a meeting of the Board of Directors is held via video conferencing, then the directors taking part in such a video conferencing meeting shall be deemed to have attended the meeting in person.

Article 19: Unless otherwise provided by the Company Act, resolutions of a directors' meeting shall be adopted by a majority vote of the directors present at a meeting attended by a majority of all directors. The notice for the directors' meeting shall specify the reasons for the meeting and shall be served to each director at least seven days prior to the meeting. A Board of Directors' meeting may be held at any time in case of an emergency. The notice of directors' meeting may be served in the form of fax, e-mail, etc.

Article 20: The directors' remuneration is determined by the Board of Directors, authorized to agree on the level of their participation in the Company's operations and the value of their contributions, and with reference to the standard of the same trade concerned.

The Company's independent directors are remunerated in accordance with the standard of the same trade concerned, but they are not to participate in the remuneration distribution stated in Article 27.

Article 21: After a candidate is elected by the Board to become a director in the Company, the Company is to obtain directors liability insurance with respect to liabilities resulting

from exercising their duties during their terms of directorship. The company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting.

Article 22: The Company shall establish an Audit Committee in accordance with the Securities and Exchange Act. The Audit Committee is composed of all Independent Directors, with relevant regulations established.

The exercise of the duty by members of the Audit Committee and other regulations are in compliance with the regulations of the competent authority of securities and the Company.

For a company that has established an audit committee, the provisions regarding supervisors in this Act, the Company Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.

## **Section V Managerial Staff**

Article 23: The Company may have one managerial staff, whose appointment, dismissal and remuneration is handled in accordance with Article 29 of the Company Act.

## **Section VI Accounting**

Article 24: At the close of each fiscal year, the Board of Directors shall prepare the following statements and records that shall be presented at a General Shareholder Meeting for recognition.

1. Business report.
2. Financial report.
3. Proposal for allocating profit or covering loss.

Article 25: Distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. When there are no profits, there will be no dividends or bonuses distributed.

Article 26: If there are after-tax earnings of the current period in the Company's annual general final accounts, the first thing is to make up for the accumulated losses and then to allocate 10% of the after-tax earnings as the legal reserve, unless the legal reserve has exceeded the Company's total paid-in capital. The special reserve shall be allocated or reversed in accordance with laws, regulations, or the competent authority's stipulation. For the remaining earnings, together with undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholder meeting to have the resolution of dividends and bonuses distribution among shareholders approved.

When the Company, in accordance with the law, allocates a special reserve, then in regard to the previous period's listed other net deduction from equity and the net added fair value from investment real estate, the Company shall allocate an identical special reserve out of the surplus unallocated at the end of the previous period. In the event of any insufficiency, then the Company shall, out of the current period's net profit after tax, record the current-period unallocated surplus value as an additional post-current period net profit item

The Company's dividend policy is based on the current and future development plans, the investment environment, funding needs, international competitions, and shareholders' interests. Each year, no less than 30% of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 5% of the paid-up capital, then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends shall be no less than 10% of the total dividends.

The "current distributable surplus" refers to the surplus that comes after tax, making up for accumulated losses, allocating a legal and special reserve. This does not include the undistributed retained earnings.

The company may, by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the Company, have the surplus profit distributable as dividends, bonuses, additional paid-in capital and legal reserve in whole or in part distributed in the form of cash, and reported at a shareholder meeting; the regulations regarding shareholder approval in paragraph 1 do not apply.

Article 27: The Company is to remunerate employees with annual profits that are no lesser than 1 percent, and no more than 5 percent to directors. But when the Company has accumulated losses, it shall be covered.

Employee remuneration shall be provided in shares or in cash, and qualification requirements of employees, including the employees of the Company meeting certain specific requirements, entitled to receive shares or cash in accordance with the provisions of certain criteria.

The annual profit stated in paragraph 1 indicates the annual profits before tax and the deduction of employee and directors' remuneration.

The Company shall by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholder meeting.

## **Section VII Supplementary Provisions**

Article 28: The Company is to guarantee that its operations are in compliance with its Operational Procedures for Endorsements/Guarantees.

Article 29: The total of the Company's shift in investment is not unlimited by Article 13 of the Company Act, in which it stipulates that when a company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies shall not exceed forty percent of the amount of its own paid-up capital.

Article 30: Matters not addressed by these Articles of Incorporation shall be governed by the Company Act and other regulations.

Article 31: The Company's organization regulations and operational regulations will be separately established by the Board of Directors.

Article 32: These Articles of Incorporation were adopted on February 2, 1981. The 1st amendment was made on February 2, 1981. The 2nd amendment was made on December 1, 1981.

The 3rd amendment was made on Jan. 12, 1983. The 4th amendment was made on Jan 20, 1984 . The 5th amendment was made on Sep. 5, 1987. The 6th amendment was made on Nov. 25, 1987. The 7th amendment was made on Nov. 18, 1995. The 8th amendment was made on May 7, 1996. The 9th amendment was made on May 10, 1998. The 10th amendment was made on June 30, 2000. The 11th amendment was made on June 28, 2002. The 12th amendment was made on June 30, 2004. The 13th amendment was made on June 30, 2006. The 14th amendment was made on Sept. 18, 2007. The 15th amendment was made on June 30, 2009. The 16th amendment was made on June 30, 2011. The 17th amendment was made on June 10, 2012. The 18th amendment was made on Dec. 21, 2012. The 19th amendment was made on June 30, 2014. The 20th amendment was made on April 20, 2015. The 21st amendment was made on Feb. 18, 2016. The 22nd amendment was made on May 31, 2016. The 23rd amendment was made on Aug. 15, 2016. The 24th amendment was made on May 29, 2019. The 25th amendment was made on May 27, 2022.

Dingzing Advanced Materials Incorporated

Chairman: Hsun-tai Lin

## Appendix 3

### **Dingzing Advanced Materials Incorporated** **Regulations Governing Procedure for Board of Directors Meetings (7th Edition)**

- Article 1** To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2** A public company shall adopt rules of procedure for meetings of its Board of Directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.
- Article 3** Convening and notification for Board of Directors meetings:
1. The Board of Directors shall meet at least quarterly.
  2. The reasons for **calling** a Board of Directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
  3. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
  4. All matters set out in the subparagraphs of paragraph 1, Article 11, shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion.
- Article 4** Meeting notification and meeting materials
1. The Board of Directors of a company shall appoint an agenda working group, which shall be specified in the rules of procedure. The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
  2. A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.
- Article 5** The preparation of an attendance book and attendance by proxy
1. When a meeting of the Board of Directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.
  2. All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's Articles of Incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference shall be deemed as attendance in person.
  3. A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.
  4. A proxy under paragraph 2 may accept a proxy from one person only.

**Article 6** Principles for meeting location and time

A Board of Directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.

**Article 7** Chairman of the Board and proxies

1. Where a meeting of the Board of Directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected Board of Directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.
2. Where a meeting of the Board of Directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.
3. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

**Article 8** Reference materials, non-voting participants, and holding board meetings

1. When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.
2. When holding a meeting of the Board of Directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.
3. When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.
4. The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.
5. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3.
6. "All directors," as mentioned in the preceding paragraph **and in Article 15, paragraph 2,** shall be calculated as the number of directors then actually in office.

**Article 9** Documentation of a board meeting by audio or video

1. Proceedings of a board meeting shall be recorded in their entirety in audio or video,



and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

2. If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.
3. Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

#### **Article 10** Agenda items

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

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

#### **Article 11** Discussion of proposals

1. The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:
  - (1) The Company's business plan.
  - (2) Annual and semi-annual financial reports, **with the exception of semi-annual financial reports that are not required under laws and regulations to be audited and attested by a certified public accountant (CPA).**
  - (3) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
  - (4) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
  - (5) The offering, issuance, or private placement of equity-type securities.
  - (6) **The appointment or discharge of a director.**
  - (7) The appointment or discharge of a financial, accounting, or internal audit officer.
  - (8) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.
    - a. The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (For foreign companies whose stock has no par value or a par value other than NT\$10, the "five percent of paid-in capital" in the previous paragraph shall be calculated instead as 2.5 percent of shareholder equity.) The term "within a one-year period" means a period of one year calculated retroactively from the date on which the current board of directors meeting is convened.
- (9) Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholder meeting or board meeting, or any material matter as may be prescribed by the competent authority.
- 2. At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.
- 3. Apart from matters referred to in paragraph 1 of the preceding article, which are required to be submitted for discussion by the Board of Directors, when the Board of Directors delegates any exercise of its powers pursuant to laws or regulations or the Company's Articles of Incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.
- 4. A Board of Directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.
- 5. The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.
- 6. If at any time during the proceeding of a Board of Directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 5 of Article 8 shall apply mutatis mutandis.

**Article 12** Director speech and chairperson directions

- 1. After an attending director has spoken, the chair may respond in person or direct relevant personnel to respond accordingly.
- 2. When a shareholder makes repeated statements regarding the same proposal or if

the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

**Article 13** Calculation of voting shares and recusal system

1. When the chair at a Board of Directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.
2. When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:
  - (1) A show of hands or a vote by voting machine.
  - (2) A roll call vote.
  - (3) A vote by ballot.
  - (4) A vote by a method selected at the Company's discretion.
3. "Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 14, paragraph 1.
4. Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a Board of Directors meeting attended by a majority of all directors.
5. When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.
6. If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.
7. Voting results shall be made known on-site immediately and recorded in writing.

**Article 14** Recusal system for directors

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

Where a spouse or blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director, has interests in the agenda item in the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.

## **Article 15** Meeting minutes and sign-in matters

1. Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:
  - (1) The meeting session (or year) and the time and place of the meeting.
  - (2) The name of the chair.
  - (3) The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
  - (4) The names and titles of those attending the meeting as non-voting participants.
  - (5) The name of the minute taker.
  - (6) The matters reported at the meeting.
  - (7) Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
  - (8) Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
  - (9) Other matters required to be recorded.
2. The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:
  - (1) Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
  - (2) A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.
3. The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.
4. The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company. The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

## **Article 16** Supplementary provisions

1. Matters not addressed by these Articles of Incorporation shall be governed by the Company Act, the Company's Articles of Incorporation and other relevant regulations.
2. These Rules of Procedure shall be adopted by the approval via a meeting of the audit committee and the Board of Directors, and shall be reported to the shareholder meeting. The Board of Directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Appendix 4      **Dingzing Advanced Materials Incorporated**  
**Corporate Governance Best Practice Principles (5th Edition)**  
**Chapter I General Principles**

Article 1    In order to establish an effective corporate governance system, the following rules are implemented based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies as jointly drafted by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX).

Article 2    When setting up the corporate governance system, in addition to complying with relevant laws, regulations, Articles of Incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, a TWSE/TPEX listed company shall follow the following principles:

1.    Protect the rights and interests of shareholders.
2.    Strengthen the powers of the Board of Directors.
3.    Fulfill the function of supervisors.
4.    Respect the rights and interests of stakeholders.
5.    Enhance information transparency.

Article 3    The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

Any establishment or amendment of the Company's internal control systems must receive consent from at least half of the audit committee members, and shall be reported to the Board of Directors for resolution. If independent directors have opposing opinions or have reservations, said opinions/reservations shall be included in the Board of Directors meeting minutes.

The Company shall perform full self-assessments of its internal control system. Its Board of Directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the Board of Directors.

The Company will establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors, and the convener of the audit committee or supervisors shall report the communications between members of the audit committees or supervisors and chief internal auditors at the shareholders' meeting.

The management of The Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis,

and to assist the Board of Directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

Article 3-1 The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities, TWSE or TPEx a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling matters relating to board meetings and shareholder meetings in accordance with laws
2. Producing minutes of board meetings and shareholder meetings
3. Assisting in onboarding and continuous development of directors and supervisors
4. Furnishing information required for business execution by directors and supervisors
5. Assisting directors and supervisors with legal compliance
6. Other matters set out in the articles of incorporation or contracts

## **Chapter II Protection of Shareholders' Rights and Interests**

### **Section 1 Encouraging Shareholders to Participate in Corporate Governance**

Article 4 The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably. The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company

Article 5 The Company shall convene shareholder meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. TWSE/TPEx listed companies shall faithfully implement resolutions adopted by shareholder meetings in accordance with the rules for the meetings. Resolutions adopted by shareholder meetings of the Company shall comply with laws, regulations and Articles of Incorporation.

Article 6 The Company's Board of Directors shall properly arrange the agenda items and procedures for shareholder meetings, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholder meetings at a convenient location, advisably with videoconferencing available and sufficient time allowed and sufficient number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted

reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholder meeting called by the Board of Directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee, or at least one supervisor, attend in person, and that at least one member of other functional committees attend as representative. Attendance details shall be recorded in the shareholder meeting minutes.

Article 7 The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the Company engage a professional shareholder services agent to handle shareholder meeting matters, so that shareholder meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholder meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholder meetings and ensure their exercise of rights at such meetings in accordance with laws. The Company will avoid raising extraordinary motions and amendments to original proposals at a shareholder meeting.

The Company will arrange for shareholders to vote on each separate proposal in the shareholder meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8 In accordance with the Company Act and other applicable laws and regulations, the Company shall record in the shareholder meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.

The shareholder meeting minutes shall be properly and perpetually kept by the Company during its legal existence, and shall be sufficiently disclosed on the Company's website.

Article 9 The chairperson of the shareholder meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholder meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholder meetings, it is advisable for the members of the Board of Directors other than the chairperson of the shareholder meeting to promptly assist the attending shareholders at the shareholder meeting in electing a new chairperson of the shareholder meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10 The Company shall place high importance on the shareholder's right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order



to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

Regarding the rules mentioned in the preceding paragraph include stock trading control measures from the date, insiders of the Company shall be aware of the contents of the Company's financial reports or relevant results. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 10-1 The Company is to report at a general shareholder meeting the remuneration received by directors, including the remuneration policy, individual remuneration package, amount, and association with outcomes of performance reviews.

Article 11 The shareholders shall be entitled to profit distributions by the Company. In order to ensure the investment interests of shareholders, the shareholder meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the Board of Directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholder meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transactions of the Company.

The Board of Directors, audit committee or supervisors, and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

Article 12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholder meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the Company's financial structure thereafter.

The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13 In order to protect the interests of the shareholders, the Company is to designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholder meeting or a Board of Directors meeting in violation of applicable laws, regulations, or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors, supervisors or managers in performing their duties. The Company shall adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, and that it keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

## **Section 2 Establishing a Mechanism for Interaction with Shareholders**

- Article 13-1 The Company's Board of Directors is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of the Company's objectives.
- Article 13-2 In addition to communicating with shareholders through shareholder meetings and encouraging shareholders to participate in such meetings, the Company's the Board of Directors, together with officers and independent directors, shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

## **Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises**

- Article 14 The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.
- Article 15 Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises.  
A director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholder meeting and obtain its consent.
- Article 16 The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.
- Article 17 When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18 A corporate shareholder having controlling power over the Company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.
2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholder meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
3. It shall comply with relevant laws, regulations and the Articles of Incorporation of the Company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholder meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall periodically disclose important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the Company or the shareholding stake thereof is on the top 10 list, provided however that the Company may establish a lower shareholding threshold in accordance with the actual shareholding stake that may control the Company.

### **Chapter III Enhancing the Functions of the Board of Directors**

#### **Section 1 Structure of the Board of Directors**

Article 20 The Board of Directors shall direct company strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, its Articles of

Incorporation, and the resolutions of its shareholder meetings.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors account for at least one-third of all the directors.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Article 21 The Company shall, in accordance with the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholder meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholder meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22 The company shall specify in its Articles of Incorporation in accordance with the laws

and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

Article 23 Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board and those of its general manager.

It is inappropriate for the chairperson to also act as the general manager or an equivalent post.

The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

## **Section 2 Independent Director System**

Article 24 company shall appoint independent directors in accordance with its Articles of Incorporation. They shall be not less than two in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the Company listed company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company listed company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or Taipei Exchange.

Article 25 The Company shall submit the following matters to the Board of Directors for approval by resolution as provided in the Securities and Exchange Act. When an independent

director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26 The Company shall stipulate the scope of duties of the independent directors and empower them with labor and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration of the directors in accordance with applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the Company, and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

### **Section 3 Audit Committee and Functional Committees**

Article 27 For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company, in consideration of the Company's scale and type of operations and the number of its board members, may establish functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may establish environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the Articles of Incorporation.

Functional committees shall be responsible to the Board of Directors and submit their proposals to the Board of Directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the Board of Directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.

Article 28 The Company's audit committee shall be composed of the entire number of independent

directors. There shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The exercise of power by the audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1 The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

Article 28-2 The Company is advised to establish a nomination committee and its Articles of Incorporation. It is advisable that a majority of the members of said committee be independent directors and an independent director be its chairperson

Article 28-3 The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the Company's internal control system for management purposes.

Article 29 To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the Company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the Company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for seven years consecutively,

or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

Article 30 It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the Company shall retain legal counsel to provide assistance as circumstances require. The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

#### **Section 4 Rules for the Proceedings and Decision-Making Procedures of Board Meetings**

Article 31 The Company's Board of Directors shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the Board of Directors.

The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32 Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 33 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of a TWSE/TPEX listed company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the Board of Directors



meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she shall provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the Board of Directors meeting.

In any of the following circumstances, decisions made by the Board of Directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee (if the Company has established an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the Company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34 Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the Board of Directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

A company shall record on audio or videotape the entire proceedings of a Board of Directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a Board of Directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a Board of Directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the Board of Directors violates laws, regulations, the Articles of Incorporation, or resolutions adopted in the shareholder meeting, and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35 The Company shall submit the following matters to its Board of Directors for discussion:

1. Corporate business plans.

2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
3. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The performance assessment and the standard of remuneration of the managerial officers.
7. The structure and system of director's remuneration.
8. The appointment or discharge of a financial, accounting, or internal audit officer.
9. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
10. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholder meeting or to be approved by resolution at a meeting of the Board of Directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the Board of Directors for discussion under the preceding paragraph, when the Board of Directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its Articles of Incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 36 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to Board of Directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The Board of Directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

## **Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors**

Article 37 Members of the Board of Directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholder meetings or in the Articles of Incorporation, they shall ensure that all matters are handled in accordance with the resolutions of the Board of Directors.

It is advisable that the Company formulate rules and procedures for Board of Directors

performance assessments. Each year, in respect of the Board of Directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the Board of Directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the Company's needs:

1. The degree of participation in the Company's operations.
2. Improvement in the quality of decision making by the Board of Directors.
3. The composition and structure of the Board of Directors.
4. The election of the directors and their continuing professional education.
5. Internal controls.

The performance assessments of board members (self-assessments or peer-to-peer assessments) shall include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Their grasp of the Company's goals and missions.
2. Their recognition of director's duties.
3. Their degree of participation in the Company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

It is advisable that the Company conduct performance assessments of a functional committee, covering the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Their degree of participation in the Company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement in the quality of decision making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal control.

The Company is advised to submit the results of performance assessments to the Board of Directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

Article 37-1 It is advisable for the Company to establish a succession plan for the management. The development and implementation of such a plan shall be periodically evaluated by the Board of Directors to ensure sustainable operation.

Article 37-2 The Board of Directors is advised to evaluate and monitor the following aspects of the Company's direction of operation and performance in connection with intellectual properties, to ensure the Company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective

implementation and maintenance of the intellectual property regulatory system.

4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the Company's expectations.

Article 38 If a resolution of the Board of Directors violates law, regulations or the Company's Articles of Incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the Company would suffer material injury, members of the Board of Directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.

Article 39 The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 40 Members of the Board of Directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

#### **Chapter IV Powers and Obligations of Audit Committee Members**

Article 41 The audit committee shall supervise the implementation of the operations of the Company, and the performance of duties by directors and managers, and care for the enforcement of the internal control system so as to reduce the financial and operational risks of the Company.

Where a director, for himself/herself or on behalf of others, enters into a sale/purchase or loan transaction, or conducts any legal act with the Company, the audit committee shall act as the representative of the Company. In the event that the Company has established an audit committee, an independent director member of the audit committee shall act as the representative of the Company in the above situation.

Article 42 The audit committee may investigate the operational and financial conditions of the Company from time to time, and the relevant departments in the Company shall provide the books or documents that will be needed for the supervisor's review, transcription or

duplication.

When reviewing the finance or operations of the Company, the audit committee may retain attorneys or CPAs on behalf of the Company to perform the review; however, the Company shall inform the relevant persons of their confidentiality obligations.

The Board of Directors or managers shall submit reports in accordance with the request of the audit committee and shall not for any reason circumvent, obstruct, or refuse the inspection of the audit committee.

When the audit committee performs its duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the Company.

Article 43 For the audit committee to timely discover any possible irregular conduct in the Company, the Company shall establish a channel for supervisors to communicate with the employees, shareholders, and stakeholders.

Upon discovering any irregular conduct, the audit committee shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.

When an independent director or general manager, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the audit committee shall investigate the reasons.

In the event that the audit committee neglects its duties and therefore causes harm to the Company, the supervisor shall be liable to the Company.

## **Chapter V Respecting Stakeholders' Rights**

Article 44 The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

Article 45 The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interest is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 46 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

Article 47 In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the Company's social responsibility.

## **Chapter VI Improving Information Transparency**

### **Section 1 Enhancing Information Disclosure**

**Article 48** Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEx rules.

The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

**Article 49** In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who thoroughly understand the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.

The Company shall appoint one or more acting spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion. In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

**Article 50** In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and establish a website containing the information regarding the Company's finances, operations, and corporate governance. It is also advisable for the Company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

**Article 51** The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEx, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels, in accordance with the TWSE or TPEx rules.

## **Section 2 Disclosure of Information on Corporate Governance**

- Article 52 The Company shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance:
1. Board of Directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.
  2. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee.
  3. Corporate governance bylaws: such as the Articles of Incorporation, procedure of Board of Directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.
  4. Important corporate governance information: such as information on the establishment of corporate governance executive officers.

## **Chapter VII Supplementary Provisions**

- Article 53 The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms, so as to enhance their effectiveness.
- Article 54 These Rules of Procedure shall be adopted by approval via a meeting of the audit committee and the Board of Directors, and shall be reported to the shareholder meeting. The Board of Directors may be authorized to adopt, by resolution, any future amendments to these Rules.

## Appendix 5

### **Dingzing Advanced Materials Incorporated**

#### **Regulations Regarding Financial and Business Operations with Affiliated Enterprises (First Edition)**

##### **Article 1 (Purpose)**

To ensure sound financial and business interactions between the Company and its affiliated enterprises and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Company and its affiliated enterprises, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

##### **Article 2 (Scope)**

All departments of the Company.

##### **Article 3 (Contents)**

Except as otherwise provided by law and regulation or by the Articles of Incorporation, financial and business matters between the Company and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.

##### **Article 4**

The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Company:

- (1) A relationship of control or subordination.
- (2) A relationship of mutual investment.

In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

##### **Article 5**

The Company shall establish an effective internal control system in regard to its own and its affiliated enterprises' overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated enterprise that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

##### **Article 6**

In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

- (1) The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
- (2) A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and report accordingly to the Company's Chairman or General Manager.



- (3) A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliate's business operations, and report to the chairperson or general manager of the Company.
- (4) The Company shall assign competent personnel to assume important positions at its affiliated enterprise, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
- (5) Subsidiaries of the Company shall regularly submit monthly financial statements for the preceding month, to allow management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements, for analysis and review by the Company.

#### **Article 7**

The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

#### **Article 8**

The Company shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over material financial and business items for the purpose of risk management.

#### **Article 9**

Any loans or endorsements/guarantees between the Company and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by the Company regarding loans to others and provision of endorsements/guarantees.

- (1) Any endorsement or guarantee provided pursuant to Article 5, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall first be submitted for a resolution by the Board of Directors of the Company, except when an endorsement or guarantee is provided between companies in which the Company directly or indirectly holds 100 percent of the voting shares.
- (2) Any proposed loan between the Company and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the Board of Directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.
- (3) If the Company has established independent director positions, the Board of Directors shall give full consideration to each independent director's opinion with respect to loans, endorsements, or guarantees between the Company and any of its affiliated enterprises. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.
- (4) When a loan of funds for short-term financing is necessary between any two foreign

companies in which the Company directly or indirectly holds 100 percent of the voting shares, the loan amount is not subject to the restriction of 40 percent of the net worth of the Company making the loan. The amount of an endorsement or guarantee between two companies in which the Company directly or indirectly holds 90 percent or more of the voting shares may not exceed 10 percent of the Company's net worth, except for endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.

- (5) The Company shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, the Company shall adopt appropriate conservatory measures to safeguard its rights and interests.

#### **Article 10**

Price terms and payment methods shall be expressly stipulated for any business interaction between the Company and any affiliated enterprise. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers. Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between the Company and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of the Company, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Company and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

#### **Article 11**

Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the Company and an affiliated enterprise shall be conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures for acquisition and disposal of assets prescribed by the Company.

## **Article 12**

With respect to any financial or business interaction between the Company and any affiliated enterprise that requires a resolution of the Board of Directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Upon discovering that, in the course of their duties, the Board of Directors or a director has committed a violation of law or regulation, the Articles of Incorporation, or a shareholder meeting resolution, a supervisor shall immediately notify the Board of Directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, a supervisor shall also file a report with the relevant regulatory authority or agency.

## **Article 13**

The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose relevant information covering affiliated enterprises under applicable laws and regulations. Information on any major transactions with affiliated enterprises shall also be disclosed.

If an affiliated enterprise experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

If the Company has major subsidiaries, it shall disclose on the MOPS by the 10th day of each month the information on each major subsidiary's business volume, its balances of endorsements, guarantees, and loans of funds, etc., in the preceding month.

The term "major subsidiary" as used in the preceding paragraph means any subsidiary of the Company, as defined in generally accepted accounting principles.

## **Article 14**

For a subsidiary whose shares have not been publicly issued domestically, the Company shall make a public disclosure and regulatory filing on its behalf.

## **Article 15**

These Rules, and any amendments hereto, shall be implemented after the approval of the audit committee and adoption by the Board of Directors.

## Appendix 6

### Director Shareholding Status

1. As of the closing date April 1, 2023, at this general shareholder meeting, the Company's paid-in capital is NT\$692,430,000, with 69,243,000 shares issued.
2. In accordance with Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the Company's directors are to possess a minimum of 6,924,300 shares.
3. In accordance with Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, when the Company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased to 80 percent, with a minimum of 5,539,440 shares held.
4. The Company has replaced supervisors with the audit committee, hence there is no shareholding standard for supervisors in existence.
5. As of the closing date of this shareholder meeting for this Company, the shareholdings of individual and all directors are listed as follows:

Title	Name	Current shares held	
		Number of shares	Shareholding ratio
Chairman	Hsun-tai Lin	5,734,600	8.28%
Director	Howard K. Lin (Representative of Ding Er Investment Co., Ltd.)	20,097,300	29.02%
Director	Po-Jen Liang	180,000	0.26%
Director	Akihiko Satomi	0	0.00%
Independent Director	Kuo-Pin Su	0	0.00%
Independent Director	Ming-Feng Chan	0	0.00%
Independent Director	Shun-Tien Chen	0	0.00%
Independent Director	Hubert Hu	0	0.00%
The total of all directors		26,011,900	37.56%

Note: Shareholding ratios rounded to the nearest whole number, five rounded up



Science. Innovation. Collaboration.

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