



Stock code: 5234

Daxin Materials Corporation

2022 Annual Shareholders' Meeting

Meeting Agenda (Translation)

June 15, 2022

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-----Disclaimer----

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2022 ANNUAL GENERAL SHAREHOLDERS' MEETING OF DAXIN MATERIALS CORP. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

Chapter 1 Meeting Procedure

Daxin Materials Corporation

2022 Annual Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Recognition Items
- V. Discussion Items
- VI. Extempore Motions
- VII. Adjournment

Chapter 2 Meeting Agenda

Daxin Materials Corporation 2022 Annual Shareholders' Meeting Agenda

Date and Time: 9:30 am (Wednesday) June 15, 2022

Place: No.15, Keyuan 1st Rd., Xitun Dist., Taichung City, 407, Taiwan (R.O.C.)
(Daxin Materials Corporation)

Means of Meeting : Physical

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
 - (I) To report the business of 2021
 - (II) Audit Committee's review report
 - (III) To report the distribution of employees' and directors' remuneration of 2021
- IV. Recognition Items
 - (I) To accept 2021 Business Report and Financial Statements
 - (II) To accept the proposal for the distribution of 2021 earnings
- V. Discussion Items
 - (I) To lift the non-competition restriction on directors
 - (II) To approve the amendment of the "Articles of Incorporation"
- VI. Extempore Motions
- VII. Adjournment

Report Items

(I) To report the Business of 2021

Explanatory Notes:

For 2021 Business Report, please refer to Attachment 1(P.6~8).

(II) Audit Committee's review report

Explanatory Notes:

For Audit Committee's review report, please refer to Attachment 2(P.9).

(III) To report the distribution of employees' and directors' Remuneration of 2021

Explanatory Notes:

1. The Board of Directors approved the distribution of 2021 employees' and directors' remuneration on February 23, 2022. The employees' remuneration is NT\$ 63,074,614 and the directors' remuneration is NT\$ 6,307,461; both shall be paid in cash.
2. The aforementioned amounts of remuneration to employees and Directors that are approved by the Board of Directors are the same as the amount recognized in the 2021 financial statements.

Recognition Items

1. To accept 2021 Business Report and Financial Statements (proposed by the Board of Directors)

Explanatory Notes:

- (I) For 2021 Business Report, please refer to Attachment 1(P.6~8).
- (II) The 2021 Financial Statements were audited by Chien-Hui Lu and Mei-Yu Tseng of KPMG. For Independent Auditors' Report, the aforementioned Financial Statements, please refer to Attachment 3 & 4(P.10~25).

Resolution:

2. To accept the proposal for the distribution of 2021 earnings (proposed by the Board of Directors)

Explanatory Notes:

- (I) The proposal distribution is allocated from the retained earnings available for distribution as of December 31, 2021. For the 2021 earnings distribution table, please refer to Attachment 5(P.26).
- (II) The cash dividends will be distributed base on the proportion of shareholding as recorded in the shareholders' register on the ex-dividend date. The cash dividends will be distributed to each shareholder will be paid to the rounded-down to the nearest one NTD (any amount below one NTD will be discarded). The aggregate dividend resulting from the above rounded-down, will be distributed to the shareholders in descending order of decimal point and in ascending order of shareholder account number, until the total amount of cash dividend has been fully distributed.
- (III) The chairman is authorized to determine the ex-dividend date and other relevant issues upon the approval of the Annual Meeting of Shareholders.
- (IV) In the event of the proposal be amended by the competent authorities, or the number of outstanding shares is affected by the buyback of the Company's shares, transfer of the treasury stock to employees, or the exercise of the employee stock option, and in consequence the dividend ratio must be adjusted, the chairman is authorized to adjust the dividend ratio and to proceed on the relevant matters.

Resolution:

Discussion Items

1. To lift the non-competition restriction on directors (proposed by the Board of Directors)

Explanatory Notes:

- (I) According to Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (II) List of non-competition restrictions proposed to be lifted in the 2022 annual shareholders’ meeting, please refer to Attachment 6(P.27).

Resolution:

2. To approve the amendment of the “Articles of Incorporation” (proposed by the Board of Directors)

Explanatory Notes:

It is proposed to amend the “Articles of Incorporation” in accordance with the “Company Act” amended by December 29, 2021 Presidential Order No. Hua-Zong-1-Jing-11000115851 and August 1, 2018 Presidential Order NO. Hua-Zong-1-Jing-10700083291. For the comparison table of the Articles of Incorporation before and after amendment, please refer to Attachment 7 (P. 28~30).

Resolution:

Extempore Motions

Adjournment

Chapter 3 Attachment

Attachment 1

Daxin Materials Corporation 2021 Business Report

2021 was a year of recovery from the COVID-19 pandemic. With the increase of vaccination coverage and continued growth in economic activity, the global economic recovery was driven by robust market demand.

In terms of display materials, while there was a slump in the output of display due to reduced capacity in integrated circuit (IC)—from upstream materials, the demand for displays boosted by the stay-at-home economy was rising in the second half of 2021. In addition, as the new product has entered high-volume manufacturing, the revenue in display materials has increased. Despite being affected by a shortage in materials supply and appreciation of the New Taiwan Dollar, the overall revenue in 2021 increased 5.1% year-over-year.

Daxin has been actively expanding into the semiconductor materials market in recent years. Our revenue from semiconductor materials increased 34.3% year-over-year, though it did not make a significant contribution to total revenue. The new plant at Advanced Manufacturing Center (AMC II) has been built in 2021 to meet the needs for high-volume manufacturing of semiconductor materials and key raw materials. As the new plant is certified and the demand for local chemical materials arises, the revenue from semiconductor materials is expected to grow.

Financial Performance

1. Operating revenue

Consolidated operating revenue in 2021 was NT\$4.513 billion, representing a NT\$217 million increase from the NT\$4.296 billion in 2020, or 5.1% growth.

2. Operating income

Consolidated operating income in 2021 was NT\$768 million, representing a NT\$35 million increase from the NT\$733 million in 2020, or 4.7% growth.

3. Profit after tax

Profit after tax in 2021 was NT\$680 million, representing a NT\$49 million growth from the NT\$631 million in 2020, or 7.8% growth.

Research and development:

Daxin's three major product markets include display materials, semiconductor materials, and key raw materials. In 2021, we spent NT\$440 million toward research and development (R&D), and invested a significant amount of resources innovating products and advanced manufacturing technology, acquiring precision equipment and instruments, and building plants and high-purity production lines.

In terms of **display materials**, though the LCD market has entered a maturity phase, there are few market competitors for products with high entry barriers and high profits, such as the PI alignment layer which has only a few competitors; and though there are many competitors for photo resist products, since it is heavily used by the LCD companies, we can effectively increase its profitability by reducing the cost of high-priced raw materials. Our marketing and R&D strategies of display materials are based on producing products with high entry barriers also high profitability, and reducing costs of products.

As the next generation of display technology is emerging, we are also committed to innovating and developing materials for e-Paper, eSports, automotive, and microLED displays. With the growth of market demand, we will begin to produce new products.

As for **semiconductor and key raw materials**, we have invested enormous R&D resources toward chemistry, process, and manufacturing facilities in these two fields to develop high-end products of high-quality, low-particle and low ionic impurities (the concentration requirement of ionic impurity of certain products have even reached ppt. levels). Though we did not experience major revenue growth in 2021, we have reached important progress in terms of overall product strategies and development. Moreover, we have joined the Angstrom Semiconductor Initiative grant (priority will be given to R&D of wafer buffer layer, the regulated material) from the Ministry of Economic Affairs (MOEA). Currently, more than half of our R&D resources are dedicated to the semiconductor materials, and some of the products which are under development will be used to replace existing products, while others are being innovated in response to clients' advanced processes or new products. Most of the materials will be applied to advanced packaging process and advanced wafer process including front-end-of-line (FEOL) and backend-of-the-line (BEOL). Some of the aforementioned materials have begun transferring to high-volume manufacturing, while others have received Process of Record (POR) from clients, and will demonstrate relatively higher revenue contribution when our clients begin high-volume manufacturing. In addition, our clients include both domestic and foreign customers.

- Semiconductor material products:

Organic release layer: it has commenced high-volume manufacturing for wafer-level packaging (WLP) clients, and small-volume manufacturing for panel-level packaging (PLP) clients.

Photosensitive dielectrics: it applies various new types of packaging structure for advanced packaging processes, and serves as a bridge of interconnects to connect multiple dies with redistribution layers. It trumps all over packaging materials in terms of growth in future demand and market size.

Temporary protection layer: a temporary, organic protective material used during the post-process of silicon wafer. It can be removed by wet cleaning or dry etching after the process.

Other products such as special removers, photoresist strippers, and photoresist topcoat are also being developed and undergoing client verifications.

- Key raw material products:

The major products include: special anhydrides, special epoxy resins, crosslinkers, or additives, and these are used in displays, semiconductors, epoxy packaging materials, or other electronic materials. They are characterized by their high purity and low ionic impurities. Daxin's processing and equipment technical competency can produce small-batch and diverse types of high-end chemical products to be used in various formulations by the materials industry, thereby meeting the industry demand for high-quality and specialty key electronic materials. Though the production and sales of these products are time-consuming and take longer-term to complete, such products will have relatively long product life cycles once they have been successfully promoted.

Outline of Business Plan

In 2021, Daxin generates a significant portion of revenue from LCD materials, and launches next-generation display materials, semiconductor materials, and key raw materials to provide additional sources of revenue.

The surging demand for electronic products in the post-pandemic era and the rise of the eSports industry have accelerated the development of a new generation of display technologies. In particular, high resolution (HR), high contrast, wide color gamut (WCG), flexible OLED, and Micro-LED technologies are expected to become popular trends. We aim to enhance our competitive edge through developing new products and reducing costs.

As the technologies of semiconductor manufacturing process continue to advance in recent years, its demand for both material quality and specification has become more and more meticulous; therefore, the development and verification process of semiconductor materials has been prolonged. By proactively

interacting with customers, we have shortened the product verification schedules. Key semiconductor products include the following:

1. Develop new materials required for next-generation 3D architectures and heterogeneous integration.
2. Complete the development of materials related to the processes of FEOL and BEOL in both advanced processes and mature processes, and undergo verification at clients' end.
3. Build high-purity production lines of synthesis, purification, and formulation. Improve precision manufacturing and purification technologies to provide ultra-high purity, high-quality, and consistent semiconductor-grade chemical products.

In terms of key raw materials, we will focus on the research and development of PI functional monomers, patented liquid crystal molecules, specialty cross-linkers, and additives. Additionally, we will improve our self-supply over various raw materials to avoid the instability of upstream supply chain.

Future outlook

Daxin's development strategies are focused on developing semiconductor materials and key raw materials with the support and technical experiences from display materials. Besides focusing on semiconductor materials and key raw materials, we continue to seek opportunities in 5G, electric vehicles, and various electronic component materials.

At Daxin, we believe good corporate governance aligned with our core values ultimately fosters sustainability. We promote Corporate Social Responsibility (CSR) policies and strive to practice in our business, such as offering graduate scholarship to support scientific education and actively involving in corporate volunteering. We will continue to deliver sustainable operations, build a diverse and inclusive workplace, and care for our society.

Looking forward, through our sustained investment in and dedication to research and development, Daxin aims to be a leading company for materials innovations. We will continue to invest 10% of revenue in R&D, and more than half of the workforce involved in R&D. Finally, we would like to extend our sincere appreciation to all of our shareholders for your long-term trust and continuous support.

Chairman: *Cheng-Yih Lin*

President: *Tsung-Hsing Kuo*

Chief Financial Officer: *Yen-Chen Liu*

Attachment 2

Daxin Materials Corporation Audit Committee's Review Report

The Board of Directors of the Company has prepared and submitted the Company's 2021 Business Report, earnings distribution proposal and Financial Statements (including the parent company only and consolidated financial statements). Among them, Chien-Hui Lu and Mei-Yu Tseng, Certified Public Accounts of KPMG, have audited the Financial Statements (including the parent company only and consolidated financial statements). The aforementioned business report, earnings distribution proposal, and financial statements (including the parent company only and consolidated financial statements) have been reviewed by the Audit Committee and no discrepancy is found. The report is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and we hereby submit this report.

To

2022 Annual Shareholders' Meeting of Daxin Materials Corporation

Convener of the Audit Committee: *Xin-Wu Lin*

February 23, 2022

Attachment 3

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the consolidated financial statements of Daxin Materials Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and 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 of December 31, 2021 and 2020, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

1. Revenue

Please refer to note 4(13) “Revenue recognition” for accounting policy and note 6(16) “Revenue from contracts with customers” of the consolidated financial statements for further information.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Company’s major portion of revenue is composed of related parties’ transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Company’s controls surrounding revenue recognition; understanding the Company’s revenue types, its sales terms, related sales agreements and other supporting documents, to assess whether revenue recognition policies are applied appropriately; evaluating the trend of revenue; understanding the nature of related parties’ transactions; performing the circularization of related-parties transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before or after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Company’s disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(8) “The accounting policies on inventory valuation”; note 5 “Uncertainty of accounting estimations and assumptions for inventory valuation”, and note 6(5) “The details of related disclosures”.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value at the reporting date. Due to rapid product innovation and keen market competition, the Company’s products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Company’s controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Company’s accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Company’s disclosures of its inventory valuation policy and other related disclosures.

Other Matter

Daxin Materials Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

Notes to Readers

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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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Notes to Readers

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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 and 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.

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.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2022

Notes to Readers

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(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

DAXIN MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 214,798	5	283,695	6	2120	Financial liabilities at fair value through profit or loss — current	\$ -	-	15	-
1110	Financial assets at fair value through profit or loss — current	1,415	-	1,867	-	2170	Accounts payable	585,416	14	542,580	12
1136	Financial assets measured at amortized cost — current	941,335	20	952,569	22	2180	Accounts payable to related parties	18,127	-	20,249	1
1170	Accounts receivable, net	452,785	10	423,174	10	2201	Payroll and bonus payable	271,643	6	264,063	6
1180	Accounts receivable due from related parties, net	868,821	18	804,805	18	2213	Payable on machinery and equipment	55,708	1	28,168	1
130X	Inventories	356,227	8	285,653	7	2230	Current tax liabilities	108,884	2	107,527	2
1470	Other current assets	<u>36,417</u>	<u>1</u>	<u>30,298</u>	<u>1</u>	2280	Lease liabilities — current	8,144	-	8,181	-
	Total current assets	<u>2,871,798</u>	<u>62</u>	<u>2,782,061</u>	<u>64</u>	2322	Long-term borrowings, current portion	14,216	-	-	-
Non-current assets:						2399	Other current liabilities	<u>144,893</u>	<u>3</u>	<u>134,604</u>	<u>3</u>
1535	Financial assets measured at amortized cost — non-current	10,350	-	10,350	-			<u>1,207,031</u>	<u>26</u>	<u>1,105,387</u>	<u>25</u>
1600	Property, plant and equipment	1,574,842	34	1,354,262	31	Non-Current liabilities:					
1755	Right-of-use assets	180,150	4	189,502	5	2540	Long-term borrowings	199,284	4	159,200	4
1780	Intangible assets	2,792	-	3,352	-	2580	Lease liabilities — non-current	175,892	4	184,036	4
1840	Deferred tax assets	8,478	-	8,056	-	2645	Guarantee deposits received	<u>132</u>	<u>-</u>	<u>138</u>	<u>-</u>
1920	Guarantee deposits paid	178	-	328	-			<u>375,308</u>	<u>8</u>	<u>343,374</u>	<u>8</u>
1990	Other non-current assets	<u>970</u>	<u>-</u>	<u>1,258</u>	<u>-</u>		Total liabilities	<u>1,582,339</u>	<u>34</u>	<u>1,448,761</u>	<u>33</u>
	Total non-current assets	<u>1,777,760</u>	<u>38</u>	<u>1,567,108</u>	<u>36</u>	Equity attributable to owners of parent:					
						3110	Ordinary shares	<u>1,027,159</u>	<u>22</u>	<u>1,027,159</u>	<u>24</u>
						3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
						Retained earnings:					
						3310	Legal reserve	475,597	10	412,467	9
						3320	Special reserve	1,285	-	1,283	-
						3350	Unappropriated retained earnings	<u>1,522,668</u>	<u>33</u>	<u>1,418,970</u>	<u>33</u>
								<u>1,999,550</u>	<u>43</u>	<u>1,832,720</u>	<u>42</u>
						3410	Exchange differences on translation of foreign financial statements	<u>(1,304)</u>	<u>-</u>	<u>(1,285)</u>	<u>-</u>
							Total equity	<u>3,067,219</u>	<u>66</u>	<u>2,900,408</u>	<u>67</u>
Total assets		<u>\$ 4,649,558</u>	<u>100</u>	<u>4,349,169</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,649,558</u>	<u>100</u>	<u>4,349,169</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DAXIN MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,513,434	100	4,296,103	100
5000	Operating costs	<u>2,902,708</u>	<u>64</u>	<u>2,757,332</u>	<u>64</u>
	Gross profit from operations	<u>1,610,726</u>	<u>36</u>	<u>1,538,771</u>	<u>36</u>
	Operating expenses:				
6100	Selling expenses	209,272	5	197,076	5
6200	Administrative expenses	181,749	4	174,444	4
6300	Research and development expenses	439,994	10	421,905	10
6450	Expected credit losses	<u>12,102</u>	<u>-</u>	<u>11,960</u>	<u>-</u>
	Total operating expenses	<u>843,117</u>	<u>19</u>	<u>805,385</u>	<u>19</u>
		<u>767,609</u>	<u>17</u>	<u>733,386</u>	<u>17</u>
	Non-operating income and expenses:				
7020	Other gains and losses	3,280	-	(13,233)	-
7100	Interest income	4,702	-	5,542	-
7510	Interest expense	<u>(3,978)</u>	<u>-</u>	<u>(4,213)</u>	<u>-</u>
		<u>4,004</u>	<u>-</u>	<u>(11,904)</u>	<u>-</u>
	Profit from continuing operations before tax	771,613	17	721,482	17
7950	Less: Income tax expense	<u>91,203</u>	<u>2</u>	<u>90,178</u>	<u>2</u>
	Net income	<u>680,410</u>	<u>15</u>	<u>631,304</u>	<u>15</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
8300	Other comprehensive income	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 680,391</u>	<u>15</u>	<u>631,302</u>	<u>15</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 6.62</u>		<u>6.15</u>	
9850	Diluted earnings per share	<u>\$ 6.59</u>		<u>6.10</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DAXIN MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2020	\$ 1,027,159	41,814	347,425	1,281	1,366,290	1,714,996	(1,283)	2,782,686
Profit for the year	-	-	-	-	631,304	631,304	-	631,304
Other comprehensive income	-	-	-	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	-	631,304	631,304	(2)	631,302
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	65,042	-	(65,042)	-	-	-
Special reserve appropriated	-	-	-	2	(2)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(513,580)	(513,580)	-	(513,580)
Balance at December 31, 2020	1,027,159	41,814	412,467	1,283	1,418,970	1,832,720	(1,285)	2,900,408
Profit for the year	-	-	-	-	680,410	680,410	-	680,410
Other comprehensive income	-	-	-	-	-	-	(19)	(19)
Total comprehensive income	-	-	-	-	680,410	680,410	(19)	680,391
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,130	-	(63,130)	-	-	-
Special reserve appropriated	-	-	-	2	(2)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(513,580)	(513,580)	-	(513,580)
Balance at December 31, 2021	<u>\$ 1,027,159</u>	<u>41,814</u>	<u>475,597</u>	<u>1,285</u>	<u>1,522,668</u>	<u>1,999,550</u>	<u>(1,304)</u>	<u>3,067,219</u>

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 771,613	721,482
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	213,147	219,412
Amortization expenses	2,920	2,664
Expected credit losses	12,102	11,960
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	437	(502)
Interest expense	3,978	4,213
Interest income	(4,702)	(5,542)
Loss (gain) on disposal of property, plant and equipment	261	(159)
Provisions for inventory obsolescence and devaluation loss	9,088	17,066
Others	757	157
Changes in operating assets and liabilities:		
Accounts receivable	(41,713)	36,458
Accounts receivable due from related parties	(64,016)	49,005
Inventories	(79,662)	(16,278)
Other current assets	(6,119)	(4,760)
Financial assets measured at amortized cost – current	3	4,928
Accounts payable	42,836	36,463
Accounts payable to related parties	(2,122)	1,334
Other current liabilities	17,847	(2,271)
Cash inflow generated from operations	876,655	1,075,630
Interest received	4,683	5,550
Interest paid	(3,956)	(4,202)
Income taxes paid	(90,268)	(67,014)
Net cash flows from operating activities	787,114	1,009,964
Cash flows from investing activities:		
Disposal of (Acquisition of) financial assets at amortized cost	11,250	(422,550)
Acquisition of property, plant and equipment	(397,853)	(221,211)
Proceeds from disposal of property, plant and equipment	-	159
Decrease in refundable deposits	150	-
Acquisition of intangible assets	(2,360)	(3,240)
Decrease (increase) in other non-current assets	288	(262)
Net cash flows used in investing activities	(388,525)	(647,104)
Cash flows from financing activities:		
Proceeds from short-term borrowings	230,000	665,000
Repayments of short-term borrowings	(230,000)	(715,000)
Proceeds from long-term borrowings	54,300	159,200
Decrease in guarantee deposits received	(6)	(45)
Payment of lease liabilities	(8,181)	(8,060)
Cash dividends paid	(513,580)	(513,580)
Net cash flows used in financing activities	(467,467)	(412,485)
Effect of exchange rate changes on cash and cash equivalents	(19)	(2)
Net decrease in cash and cash equivalents	(68,897)	(49,627)
Cash and cash equivalents at beginning of period	283,695	333,322
Cash and cash equivalents at end of period	\$ 214,798	283,695

Attachment 4

Independent Auditors' Report

To the Board of Directors of Daxin Materials Corporation:

Opinion

We have audited the parent-company-only financial statements of Daxin Materials Corporation ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue

Please refer to note 4(13) "Revenue recognition" for accounting policy and note 6(17) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of the key audit matter:

Revenue generation is a key operating activity of a company, and the Company's major portion of revenue is composed of related parties' transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the Company's controls surrounding revenue recognition; understanding the Company's revenue types, its sales terms, related sales agreements and other supporting documents, to assess whether revenue recognition policies are applied appropriately; evaluating the trend of revenue; understanding the nature of related parties' transactions; performing the circularization of related-parties transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before or after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(7) "The accounting policies on inventory valuation"; note 5 "Uncertainty of accounting estimations and assumptions for inventory valuation", and note 6(5) "The details of related disclosures".

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value at the reporting date. Due to rapid product innovation and keen market competition, the Company's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Company's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Company's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Company's disclosures of its inventory valuation policy and other related disclosures.

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 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2022

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

DAXIN MATERIALS CORPORATION

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 214,655	5	283,533	6	2120	Financial liabilities at fair value through profit or loss — current	\$ -	-	15	-
1110	Financial assets at fair value through profit or loss — current	1,415	-	1,867	-	2170	Accounts payable	585,416	14	542,580	12
1136	Financial assets measured at amortized cost — current	941,335	20	952,569	22	2180	Accounts payable to related parties	18,127	-	20,249	1
1170	Accounts receivable, net	452,785	10	423,174	10	2201	Payroll and bonus payable	271,643	6	264,063	6
1180	Accounts receivable due from related parties, net	868,821	18	804,805	18	2213	Payable on machinery and equipment	55,708	1	28,168	1
130X	Inventories	356,227	8	285,653	7	2230	Current tax liabilities	108,884	2	107,527	2
1470	Other current assets	<u>36,417</u>	<u>1</u>	<u>30,298</u>	<u>1</u>	2280	Lease liabilities — current	8,144	-	8,181	-
	Total current assets	<u>2,871,655</u>	<u>62</u>	<u>2,781,899</u>	<u>64</u>	2322	Long-term borrowings, current portion	14,216	-	-	-
	Non-current assets:					2399	Other current liabilities	<u>144,893</u>	<u>3</u>	<u>134,604</u>	<u>3</u>
1535	Financial assets measured at amortized cost — non-current	10,350	-	10,350	-			<u>1,207,031</u>	<u>26</u>	<u>1,105,387</u>	<u>25</u>
1550	Investments accounted for using equity method	143	-	162	-		Non-Current liabilities:				
1600	Property, plant and equipment	1,574,842	34	1,354,262	31	2540	Long-term borrowings	199,284	4	159,200	4
1755	Right-of-use assets	180,150	4	189,502	5	2580	Lease liabilities — non-current	175,892	4	184,036	4
1780	Intangible assets	2,792	-	3,352	-	2645	Guarantee deposits received	<u>132</u>	<u>-</u>	<u>138</u>	<u>-</u>
1840	Deferred tax assets	8,478	-	8,056	-			<u>375,308</u>	<u>8</u>	<u>343,374</u>	<u>8</u>
1920	Guarantee deposits paid	178	-	328	-		Total liabilities	<u>1,582,339</u>	<u>34</u>	<u>1,448,761</u>	<u>33</u>
1990	Other non-current assets	<u>970</u>	<u>-</u>	<u>1,258</u>	<u>-</u>		Equity:				
	Total non-current assets	<u>1,777,903</u>	<u>38</u>	<u>1,567,270</u>	<u>36</u>	3110	Ordinary shares	<u>1,027,159</u>	<u>22</u>	<u>1,027,159</u>	<u>24</u>
						3200	Capital surplus	<u>41,814</u>	<u>1</u>	<u>41,814</u>	<u>1</u>
							Retained earnings:				
						3310	Legal reserve	475,597	10	412,467	9
						3320	Special reserve	1,285	-	1,283	-
						3350	Unappropriated retained earnings	<u>1,522,668</u>	<u>33</u>	<u>1,418,970</u>	<u>33</u>
								<u>1,999,550</u>	<u>43</u>	<u>1,832,720</u>	<u>42</u>
						3410	Exchange differences on translation of foreign financial statements	<u>(1,304)</u>	<u>-</u>	<u>(1,285)</u>	<u>-</u>
							Total equity	<u>3,067,219</u>	<u>66</u>	<u>2,900,408</u>	<u>67</u>
Total assets		<u>\$ 4,649,558</u>	<u>100</u>	<u>4,349,169</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,649,558</u>	<u>100</u>	<u>4,349,169</u>	<u>100</u>

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

DAXIN MATERIALS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 4,513,434	100	4,296,103	100
5000	Operating costs	<u>2,902,708</u>	<u>64</u>	<u>2,757,332</u>	<u>64</u>
	Gross profit from operations	<u>1,610,726</u>	<u>36</u>	<u>1,538,771</u>	<u>36</u>
	Operating expenses:				
6100	Selling expenses	209,272	5	197,076	5
6200	Administrative expenses	181,749	4	174,444	4
6300	Research and development expenses	439,994	10	421,905	10
6450	Expected credit losses	<u>12,102</u>	<u>-</u>	<u>11,960</u>	<u>-</u>
	Total operating expenses	<u>843,117</u>	<u>19</u>	<u>805,385</u>	<u>19</u>
		<u>767,609</u>	<u>17</u>	<u>733,386</u>	<u>17</u>
	Non-operating income and expenses:				
7020	Other gains and losses	3,280	-	(13,233)	-
7100	Interest income	4,702	-	5,542	-
7510	Interest expense	<u>(3,978)</u>	<u>-</u>	<u>(4,213)</u>	<u>-</u>
		<u>4,004</u>	<u>-</u>	<u>(11,904)</u>	<u>-</u>
	Profit from continuing operations before tax	771,613	17	721,482	17
7950	Less: Income tax expense	<u>91,203</u>	<u>2</u>	<u>90,178</u>	<u>2</u>
	Net income	<u>680,410</u>	<u>15</u>	<u>631,304</u>	<u>15</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
8300	Other comprehensive income	<u>(19)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 680,391</u>	<u>15</u>	<u>631,302</u>	<u>15</u>
	Earnings per share (NT dollars)				
9750	Basic earnings per share	<u>\$ 6.62</u>		<u>6.15</u>	
9850	Diluted earnings per share	<u>\$ 6.59</u>		<u>6.10</u>	

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

DAXIN MATERIALS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2020	\$ 1,027,159	41,814	347,425	1,281	1,366,290	1,714,996	(1,283)	2,782,686
Profit for the year	-	-	-	-	631,304	631,304	-	631,304
Other comprehensive income	-	-	-	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	-	631,304	631,304	(2)	631,302
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	65,042	-	(65,042)	-	-	-
Special reserve appropriated	-	-	-	2	(2)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(513,580)	(513,580)	-	(513,580)
Balance at December 31, 2020	1,027,159	41,814	412,467	1,283	1,418,970	1,832,720	(1,285)	2,900,408
Profit for the year	-	-	-	-	680,410	680,410	-	680,410
Other comprehensive income	-	-	-	-	-	-	(19)	(19)
Total comprehensive income	-	-	-	-	680,410	680,410	(19)	680,391
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,130	-	(63,130)	-	-	-
Special reserve appropriated	-	-	-	2	(2)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(513,580)	(513,580)	-	(513,580)
Balance at December 31, 2021	\$ 1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304)	3,067,219

DAXIN MATERIALS CORPORATION**Statements of Cash Flows****For the years ended December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 771,613	721,482
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	213,147	219,412
Amortization expenses	2,920	2,664
Expected credit losses	12,102	11,960
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	437	(502)
Interest expense	3,978	4,213
Interest income	(4,702)	(5,542)
Loss (gain) on disposal of property, plant and equipment	261	(159)
Provisions for inventory obsolescence and devaluation loss	9,088	17,066
Others	757	157
Changes in operating assets and liabilities:		
Accounts receivable	(41,713)	36,458
Accounts receivable due from related parties	(64,016)	49,005
Inventories	(79,662)	(16,278)
Other current assets	(6,119)	(4,760)
Financial assets measured at amortized cost – current	3	4,928
Accounts payable	42,836	36,463
Accounts payable to related parties	(2,122)	1,334
Other current liabilities	17,847	(2,271)
Cash inflow generated from operations	876,655	1,075,630
Interest received	4,683	5,550
Interest paid	(3,956)	(4,202)
Income taxes paid	(90,268)	(67,014)
Net cash flows from operating activities	787,114	1,009,964
Cash flows from investing activities:		
Disposal of (Acquisition of) financial assets at amortized cost	11,250	(422,550)
Acquisition of property, plant and equipment	(397,853)	(221,211)
Proceeds from disposal of property, plant and equipment	-	159
Decrease in refundable deposits	150	-
Acquisition of intangible assets	(2,360)	(3,240)
Decrease (increase) in other non-current assets	288	(262)
Net cash flows used in investing activities	(388,525)	(647,104)
Cash flows from financing activities:		
Proceeds from short-term borrowings	230,000	665,000
Repayments of short-term borrowings	(230,000)	(715,000)
Proceeds from long-term borrowings	54,300	159,200
Decrease in guarantee deposits received	(6)	(45)
Payment of lease liabilities	(8,181)	(8,060)
Cash dividends paid	(513,580)	(513,580)
Net cash flows used in financing activities	(467,467)	(412,485)
Net decrease in cash and cash equivalents	(68,878)	(49,625)
Cash and cash equivalents at beginning of period	283,533	333,158
Cash and cash equivalents at end of period	\$ 214,655	283,533

Attachment 5

Daxin Materials Corporation 2021 Earnings Distribution Table

Unit: (NT\$)

Item	Amount
Unappropriate retained earnings of previous years	842,258,244
Net income of 2021	680,409,415
Less:	
Legal reserve	68,040,942
Special reserve	18,531
Retained earnings in 2021 available for distribution	612,349,942
Retained earnings available for distribution as of December 31, 2021	1,454,608,186
Distribution items:	
Cash dividends to common shareholders (NT\$ 5.3 per share, i.e, NT\$ 5,300 for every 1000 shares)	544,394,328
Unappropriated retained earnings	910,213,858

Attachment 6

List of Non-competition Restrictions to be Lifted

Directors and their Representatives	Released restriction items
Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	Director of Eterkon Semiconductor Materials Co., Ltd.
Konly Venture Corporation	Director of PlayNitride Inc. Director of Naidun-tech Co., Ltd. Supervisor of Star Shining Energy Corp.
Konly Venture Corporation Representative: Wei-Lung Liao	Director of PlayNitride Inc.
Konly Venture Corporation Representative: Shih-Hung Liao	Executive Director of AUO Display Plus Technology (Suzhou) Co., Ltd.

Attachment 7

Comparison Table for the Articles of Incorporation Before and After Amendment

Before amendment	After amendment	Reason of amendment
<u>Article 1</u> The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language.	<u>Article 1</u> The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language, <u>and Daxin Materials Corporation in the English language.</u>	To add the Company's English language name, in accordance with Article 392-1 of the Company Act.
<u>Article 8</u> Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary.	<u>Article 8</u> Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary. <u>The aforementioned meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u>	To amend that the shareholders' meetings can be held by means of visual communication network, in accordance with Article 172-2 of the Company Act.
<u>Article10</u> The Company shall have five to nine directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors. The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority. The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office. The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.	<u>Article10</u> The Company shall have five<u>seven</u> to nine <u>eleven</u> directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors. The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority. The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office. The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.	To amend the number of directors to meet operational demand.
<u>Article15</u> If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows: I. No less than 3% as employees' remuneration.	<u>Article15</u> If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows: I. No less than 3% as employees' remuneration.	To merge "qualifications of employees' compensation" to Article 15-3.

Before amendment	After amendment	Reason of amendment
II. No more than 1% as directors' remuneration. Employees' remuneration may be distributed in the form of shares or cash, and employees qualified to receive the remuneration may include employees of the subsidiaries of the Company meeting certain specific qualifications. The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.	II. No more than 1% as directors' remuneration. Employees' remuneration may be distributed in the form of shares or cash, and employees qualified to receive the remuneration may include employees of the subsidiaries of the Company meeting certain specific qualifications. The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.	
<u>Article15-1</u> If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. After the dividends are distributed, the balance (if any) together with accumulated unappropriated retained earning can be distributed after the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for resolution. The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. The shareholders' dividends and bonuses may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.	<u>Article15-1</u> If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. After the dividends are distributed, the balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved by the Board of Directors and submitted to the shareholders' meeting for resolution. <u>Dividend distribution may be distributed in whole or in part, in the form of shares shall be approved by the shareholders' meeting, and in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting.</u> The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. The shareholders' dividends and bonuses. <u>When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.</u>	1. To amend the approval authority of earnings distribution, in accordance with Article 240 of the Company Act. Formulate specific dividend policy refer to "Corporate Governance Evaluation".
	<u>Article15-2</u> <u>Where the Company incurs no accumulated losses, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board of Directors and reported to the shareholders' meeting.</u>	To amend that if legal reserve and capital reserve to be distributed in the form of cash, the Board of Directors is authorized to resolve such matter and report to the shareholders' meeting, in accordance with Article 241 mutatis mutandis Article 240 of the Company Act.
	<u>Article15-3</u> <u>The employees who are entitled to the following compensation can include employees of subsidiaries of the Company meeting certain specific qualifications. The Board or the person duly designated by the Board is authorized to</u>	To amend that the target person of employees' compensation in various ways can include employees of subsidiaries, in accordance with Article

Before amendment	After amendment	Reason of amendment
	decide such qualifications and allocation. I. Employees' remuneration II. The buy back shares to be transferred to employees III. Employee stock options IV. The reserved shares for subscription by employees when issuing new shares V. Restricted stock for employees	235-1, 167-1, 167-2 and 267 of the Company Act.
<u>Article17</u> The seventh amendment was made on May 24, 2017.	<u>Article17</u> The seventh amendment was made on May 24, 2017. The eighth amendment was made on June 15, 2022.	To add the date of amendment.

Chapter 4 Appendix

Appendix I

Articles of Incorporation (Before the Amendments)

Approved by the Shareholders' Meeting on May 24, 2017.

Chapter 1: General Provisions

Article 1

The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language.

Article 2

The scope of business of the Company shall be as follows:

To research, design, develop, manufacture, and sale the following products:

1. Various photoresists, PI alignment layer, liquid crystal, and other related chemicals used in the manufacturing process of displays
2. Overcoat, optical clear resin and other related chemicals for touch panels
3. Ingot slicing solutions, anti-reflection materials, and other related chemicals for energy industry
4. Dielectrics, adhesives and other related chemicals for the semiconductor industry
5. Encapsulants and other related chemicals for the lighting industry
6. Specialty chemicals for other electronic products
7. Analysis and identification of chemical composition
8. Inspection and measurement of product characteristics

The business items and codes of the above products:

- (1) C801010 Basic Chemical Industrial
- (2) C801020 Petrochemical Materials Manufacturing
- (3) C801030 Precision Chemical Material Manufacturing
- (4) C801060 Synthetic Rubber Manufacturing
- (5) C801100 Synthetic Resin and Plastic Manufacturing
- (6) C801990 Other Chemical Materials Manufacturing
- (7) C802120 Industrial and Additive Manufacturing
- (8) C802200 Coating, Paint, Dye and Pigment Manufacturing
- (9) C805990 Other Plastic Products Manufacturing
- (10) CC01080 Electronics Components Manufacturing
- (11) F107200 Wholesale of Chemical Feedstock (for operation outside the science park only)
- (12) F119010 Wholesale of Electronic Materials (for operation outside the science park only)
- (13) F401010 International Trade (for products related to the above only)
- (14) I199990 Other Consulting Service
- (15) IG02010 Research and Development Service
- (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. (for operation outside the science park only)

The operation of the aforementioned businesses shall comply with the laws and regulations.

Article 3

The head office of the Company shall be in the Central Taiwan Science Park. The Company shall be free, upon approval of the Board of Directors and government authorities in charge, to set

up branch offices, factories, branch operating offices or branch business offices at various locations within and without the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

The total amount of the Company's investments is not subject the restriction of Article 13 of the Company Act. The Company may provide endorsements or guarantees to other parties for the purposes of business or investment.

Chapter 2: Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of 150,000,000 New Taiwan Dollars, divided into 150,000,000 registered shares, at 10 New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments.

Among which 100,000,000 New Taiwan Dollars of the total capital stock, divided into 10,000,000 shares, at 10 New Taiwan Dollars each, should be reserved for issuing employee stock options and may be issued installment in accordance with the resolution of the Board of Directors.

Article 6

The share certificates of the Company shall be in registered form, which shall be signed by or sealed by at least three directors, and issued after duly authentication pursuant to the law.

The Company may pursuant to the laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical shares or other securities.

Article 7

Unless otherwise provided by law and regulations, the Company's shareholder services shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

Chapter 3: Shareholders' Meeting

Article 8

Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary.

Article 9

Unless otherwise provided in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding shares of the Company. Resolutions of a shareholders meeting shall be adopted at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting. When a shareholder is unable to attend a meeting, he or she 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. Exception for trust enterprise or stock agencies approved by the competent authority, when one person who act as a proxy for two or more shareholders, the number of voting rights represented by that proxy that exceeds 3% of the total number of issued shares shall not be counted. The matters related to use or rescission of the proxy shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 9-1

If the Company proposes to cancel the public offering, the proposal shall be approved by the shareholders' meeting, and applied for the cancellation to the competent authority. This article shall not be altered during the Company is listed (whether TWSE-listed, OTC-listed, or registered on emerging-stock market).

Chapter 4: Board of Directors and Audit Committee

Article10

The Company shall have five to nine directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors.

The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority.

The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office.

The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Article10-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors.

Article10-2

The meeting of the Board of Directors shall be held at least quarterly, and the reasons for calling the Board of Directors meeting shall be notified to each director at least seven days in advance. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of board meetings shall be effected by means of fax, e-mail, or other methods.

Article11

The board of directors shall have one chairman, and the chairman shall be elected by and among the directors by a majority vote at a meeting attended by more than two-thirds of the directors. The chairman of the Board shall preside internally at the meetings of the Board and shall externally represent the Company. In case the chairman of the Board cannot exercise the power and authority, the chairman of the Board may designate one of the directors to act as the chairman. In the absence of such a designation, the directors shall elect a designee from among themselves.

Article12

When a director is unable to attend a meeting of the board for any reason, he/she may appoint another director to attend on his/her behalf by proxy in accordance with Article 205 of the Company Act. Each director may act as proxy for one other director only.

Chapter 5: Managerial Personnel

Article13

The Company shall have one or more managerial personnel. The appointment, discharge, and remuneration of managerial personnel shall be decided in accordance with the Company Act.

Chapter: 6 Accounting

Article14

At the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for acceptance.

I. Business report.

II. Financial statements.

III. Proposal for distribution of earnings or recovery of loss.

Article15

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

I. No less than 3% as employees' remuneration.

II. No more than 1% as directors' remuneration.

Employees' remuneration may be distributed in the form of shares or cash, and employees qualified to receive the remuneration may include employees of the subsidiaries of the Company meeting certain specific qualifications. The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

Article15-1

If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. After the dividends are distributed, the balance (if any) together with accumulated unappropriated retained earning can be distributed after the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for resolution.

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. The shareholders' dividends and bonuses may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

Chapter 7: Miscellaneous

Article16

Any matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article17

The Articles of Incorporation was enacted on June 30, 2006.

The first amendment was made on June 26, 2007.

The second amendment was made on June 23, 2009.

The third amendment was made on June 18, 2010.

The fourth amendment was made on July 22, 2011.

The fifth amendment was made on June 23, 2014.

The sixth amendment was made on May 27, 2016.

The seventh amendment was made on May 24, 2017.

Appendix II

Rules and Procedures of Shareholders' Meetings

Approved by the Shareholders' Meeting on July 20, 2021

1. Shareholders' meeting of the Company (the "Meeting") shall be conducted in accordance with the Rules and Procedures.
2. The shareholders or their proxies attending the meeting shall be signed in and the signing in shall be in the form of sign-in cards. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronic means. Attendance and voting at the meeting shall be calculated based on the number of shares.
3. The venue for the meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
4. The meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise the powers of the chairman for any reason, the vice chairman shall act the chair. If there is no vice chairman or the vice chairman is unable to exercise the powers for any reason, the chairman shall appoint one of the directors to act as the chair. Where the chairman does not make such a designation, the directors shall select one person from among themselves to serve as the chair. If the meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting.
5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the meeting in a non-voting capacity.
6. The Company shall make uninterrupted audio or video recordings of the meeting and the recorded materials shall be retained for at least 1 year.
7. The chair shall call the meeting to order at the appointed meeting time. 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.

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

When, prior to 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 meeting pursuant to Article 174 of the Company Act.

8. If the meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the meeting.

The provisions of the preceding paragraph apply mutatis mutandis to the 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 extempore motions), except by a resolution of the 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.

During the meeting, the chair may announce a break based on time consideration. After the meeting is adjourned, shareholders shall not elect another chair to continue the meeting at the same place or at any other place.

9. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account 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. When an attending shareholder is speaking, other shareholders may not speak or interrupt without consent of the chair and the shareholder in speaking, the chair shall stop any violation.
10. 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 violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
11. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak on the same proposal.
12. After an attending shareholder has spoken, the chair may respond himself/herself or appoint an appropriate person to respond.
13. 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 and call for a vote.
14. Vote monitoring and counting person(s) for the voting on a proposal shall be appointed by the chair, and the monitoring person(s) shall be shareholder(s). The results of voting shall be announced on site at the meeting, and a record made of the vote.
15. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the resolution shall be adopted by 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 Market Observation Post System (MOPS).
16. 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.

17. The chair may direct the proctors or security guards to help maintain order at the meeting place. When proctors or security guards help maintain order at the meeting place, they shall wear an armband or identification card bearing the word "Proctor".
18. If a force majeure event occurs during the meeting, the chair may announce a suspension of the meeting or convene a meeting on another day.
19. Any matters not provided in the Rules and Procedures shall be handled in accordance with the Company Act, the Articles of Incorporation of the Company, and relevant laws and regulations.
20. The Rules and Procedures shall be effective after having been approved by the meeting. The same applies in case of revision.

Appendix III

Shareholding of All Directors

Record Date: April 17, 2022

Title	Name	Current shareholding
Chairman	Cheng-Yih Lin	2,298,832
Director	Tsung-Hsing Kuo	231,911
Director	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	23,423,812
Director	Eternal Materials Co. Ltd. Representative : Chi-Kang Chang	
Director	Konly Venture Corporation Representative : Wei-Lung Liao	19,113,730
Director	Konly Venture Corporation Representative : Shih-Hung Liao	
Independent Director	Chia-Ching Tong	0
Independent Director	Wei-Shun Cheng	0
Independent Director	Xin-Wu Lin	0
Total shareholdings of all Directors		45,068,285

Note

1 : Total shares issued as of April 17, 2022 : 102,715,911 common shares.

2 : The minimum shareholding requirements of according to Article 26 of the Securities and Exchange Act : 8,000,000 common shares.