

Stock Code : 3535

# Favite, Inc.

## 2023 Annual Shareholders' Meeting Meeting Handbook (Translation)



**Date: May 29, 2023**

### **Important Disclaimer**

This English-version handbook is a summary translation of the Chinese version and is not an official document of the shareholders meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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## **I. Meeting Procedure**

### **Favite, Inc.**

#### **2023 Annual Shareholders' Meeting Procedure**

1. Meeting Commencement Announced
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Adjournment

## **II. Meeting Agenda**

Time: 9:00 a.m., May 29, 2023 (Monday)

Place: No.197, Sec.2, Huanbei Rd., Zhubei City, Hsinchu County 302047, Taiwan  
(R.O.C.)

Shareholders' meetings will be held in person

1. Meeting Commencement Announced
2. Chairman's Address
3. Report Items
  - (1) Business report of 2022
  - (2) Audit Committee's Review Report of 2022.
  - (3) Report on 2022 Employees' Compensation and Remuneration of Directors and Supervisors.
  - (4) Report on the Amendment to the Company's "Corporate Governance Best Practice Principles".
4. Ratification Items
  - (1) 2022 Business Report and Financial Statements.
  - (2) Distribution of 2022 Retained Earnings.
5. Discussion Items
  - (1) Amendment to the Articles of Incorporation.
  - (2) Release the Prohibition on Directors from Participation in Competitive Business.
6. Extraordinary Motions
7. Adjournment

## Report Items

- Proposal 1 :  
Subject : Business report of 2022.  
Explanation : For the Company's 2022 Business Report, please refer to Attachment 1 of this handbook (Page 11-Page 16).
- Proposal 2 :  
Subject : Audit Committee's Review Report of 2022.  
Explanation : 2022 Audit Committee's Review Report, Please refer to Attachment 2 of this handbook ( Page 17).
- Proposal 3 :  
Subject : Report on 2022 Employees' Compensation and Remuneration of Directors and Supervisors.  
Explanation : 1. The employees' compensation and Directors' remuneration for 2021 were resolved by the Board of Directors on February 24, 2022. The mentioned compensation and remuneration shall be distributed in cash.  
10% is set aside as the employees' compensation, a total amount of NT\$ 37,753,177.  
2% is set aside as the Directors' remuneration, a total amount of NT\$ 7,550,635.  
2. There is no difference between the assessed amounts and distributed amounts of employees' compensation and Directors' remuneration.
- Proposal 4 :  
Subject : Report on the Amendment to the Company's "Corporate Governance Best Practice Principles".  
Explanation : 1. It is proposed that "Corporate Governance Best Practice Principles" be amended and approved for business needs.  
2. The comparison table for the "Corporate Governance Best Practice Principles", please refer to Attachment 3 of this

handbook (Page 18-Page 24).

## Ratification Items

Proposal 1 : Proposed by the Board of Directors  
Subject : 2022 Business Report and Financial Statements. Approval is respectfully requested.

Explanation : 1. The Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements of the Company in 2022 were approved at the Board of Directors meeting on February 24, 2023 and verified by the Audit Committee and the review report was issued accordingly. The Parent Company Only Financial Statements and Consolidated Financial Statements of the Company in 2022 have been audited by the CPAs of Deloitte Taiwan, Li-Su Fang and Dong-Hui Yeh.

2. For the Business Report, Independent Auditors' Report and financial statement, please refer to Attachment 1 (Page 11-Page 16), Attachment 4 (Page 25-Page 34), Attachment 5 (Page 35-Page 44) of this handbook.

Resolution :

Proposal 2 : Proposed by the Board of Directors  
Subject : Distribution of 2022 Retained Earnings. Approval is respectfully requested.

Explanation : 1. The Company's 2022 Earnings Distribution Table was approved by the Board of Directors on February 24, 2023.

2. It is proposed to set aside shareholders' dividends in an amount of NT\$ 79,052,356 from the surplus earnings, and cash dividends will be distributed by NT\$ 1 per share. This is calculated based on the issued 79,052,356 outstanding shares up to February 24, 2023.

3. The aforementioned distribution of cash dividends is proposed to be authorized to the Chairman by the General Shareholders' Meeting to set the ex-dividend date and

handle the affairs related to cash dividend distribution.

4. If the number of shares outstanding and the corresponding cash dividend rate are changed in the future, the calculation of the total distribution of each shareholder should be rounded down to the nearest whole number, and the fractional balance less than NT\$ 1 shall be summed up and recognized as other income of the Company. The Company will propose to the general shareholders' meeting to authorize the Chairman to make any adjustments and proceed on the relevant matters.
5. The earnings distributed in this year shall be those of 2022.
6. The proposed 2022 Statement of Profit Distribution, please refer to Attachment 6 of this handbook. (page 45).

Resolution :

## Discussion Items

Proposal 1 Proposed by the Board of Directors  
Subject : Amendment to the Articles of Incorporation. Approval is respectfully requested.  
Explanation : 1. It is proposed to make partial amendment of the “Articles of Incorporation” of the Company in accordance with Letter No.11101123510 of f MOEA’s issued on July 21, 2022.  
2. The Comparison Table for Content of Articles Before and After Revisions, please refer to Attachment 7 of this handbook (Page 46-Page 48).

Resolution :

Proposal 2 Proposed by the Board of Directors  
Subject : Release the Prohibition on Directors from Participation in Competitive Business. Approval is respectfully requested.  
Explanation : To coordinate the actual need for business, and in order to make use of the expertise and experience of the directors, in accordance with Article 209, Paragraph 1 of the Company Law, it is proposed to remove the prohibition on Directors and their representatives form participation in competitive business. The Concurrent Positions Held by the Directors and their representatives, please refer to Attachment 8 of this book (page 49-Page 50).

Resolution :

## **Extemporary Motions**

## **Adjournment**

### **III. Attachments**

## Favite, Inc. Business report

The summary report of the company's 2022 business results and 2023 business plan is as follows:

### 1. 2022 Operating Results

#### 1.1. Business Performance

Unit: NT\$ thousands

Item	2022	2021	Growth rate(%)
Operating revenues	1,477,429	1,409,254	4.83%
Gross profit	593,733	392,790	51.16%
Operating income	230,002	127,188	80.84%
Net income before income tax	332,301	100,595	230.34%
Net income after income tax	282,981	96,811	192.30%

#### 1.2. Budget execution

The company did not disclose financial forecasts for 2022.

#### 1.3. Financial income and expenditure and profitability analysis

##### 1. Financial income and expenditure

The company's 2022 year current ratio is 194.67%, and the quick ratio is 171.74%, which shows that the liquidity is still fair.

##### 2. Profitability

	Item	%
Profitability	Return on assets (%)	13.50
	Return on equity (%)	25.88
	Profit before tax to paid-in capital (%)	42.04
	Net profit ratio (%)	19.15
	Earnings per share (NT\$)	3.58

#### 1.4. Research and development status

The main research and development of the company in 2022 were as follows:

1. Semi – submicron AOI for surface particle inspection
2. Chip in tray appearance inspection equipment
3. Micro LED – chip on carrier inspection
4. Micro LED – BackPlane AOI

## 2. Summary of the business plan for the year 2023

### 2.1 Operational Directives

Since Favite was established in 2000, we have provided clients with intelligent, accurate, and high-speed machine vision inspection solutions using original algorithms and the latest artificial intelligence (AI) technology. We aim to become the quality guardian in the technology manufacturing industry and a leader in the automated optical inspection (AOI) field. We provide clients with AOI, measurement equipment and combined yield management solutions with the best production yield and quality management effect. We strive to provide intelligent, efficient, and innovative services while emphasizing the philosophy of becoming a protector of industrial production quality as our vision and responsibility, thereby achieving mutual benefits for clients, employees, and shareholders.

### 2.2 Expected Sales Volume and Basis

The company is committed to the research and development of technologies relating to the field of machine vision (MV) and is a leading manufacturer of optical inspection equipment. Over the past years, the company continued to focus on research and development as well as patent planning, and has achieved outstanding performance in the TFT LCD/LTPS/AMOLED display industry. Due to the company's deep-rooted business developments in numerous industries, including semiconductor, PCB, Mini/Micro LED, etc., we are able to provide high precision and high quality automatic optical inspection and measurement equipment to customers, along with comprehensive solutions capable of detecting factory production line defects and monitoring yield rate for customers. Since the second half of 2022, the business in the panel industry has plummeted. With the impact of the COVID-19 pandemic on China's political and economic environments, the shipment of flat panel displays has been affected considerably. We have flexibly adjusted our internal production capacity and the research and development (R&D) direction and advanced our technological capabilities. In addition to the well-developed TFT LCD, we keep abreast of the trend of the display industry and developed E-paper testing equipment timely, while continuing to work with well-known micro LED pioneers. Meanwhile, we have stepped into the IC substrate industry and even the front-end semiconductor testing equipment field. We manage to make up for the decline in the display field as much as possible to diversify the operational risks.

### 2.3 Important Production and Sales Policies

1. Continue the deep-rooted and long-term cultivation of the field of TFT LCD display, and improve product capability continuously, along with the integration of AI technologies, in order to provide more efficient solutions to customers. In addition to the front-end array/color filter, the company further adopts AI technologies to provide yield management solutions to mitigate the impact of labor shortage caused by the COVID-19 pandemic. In alignment with the clients' product update this year, we retrofitted the E-paper production line.
2. Effectively utilize the company's currently existing R&D resources and

prestige, along with the automatic optical inspection core based on the optical, inspection, mechanical and electrical control technologies, to continue to focus on high value-added products, and to develop new fields and markets. We have created certain R&D achievements in the advanced packaging and testing, micro LED display, and semiconductor fields over the past year, and clients have gradually adopted them in their production or experimental lines. Looking ahead to the coming year, we will work more closely with clients for production testing in order to help them to go into mass production faster.

3. The company has transformed from the face-to-face marketing strategy of the single market to the current multi-industry exhibition participation method, in order to increase the visibility of the company in different fields. In addition, we also actively sponsor and participate in industry seminars, as well as establish and maintain cooperative partnerships and relationships with a customer base, suppliers, and other relevant groups. We seek to cultivate our customer base, and to solve real production-quality issues faced by customers from the professional aspect, thereby increasing customers' reliance on the company, expanding the business scope and market share, and achieving the long-term growth and development goals of the company.
4. In terms of business development, although the global pandemic policy was gradually relaxed during 2022, mainland China still adopted stricter anti-pandemic measures. Our business team overcame difficulties, visited major clients in person where possible to strive to maintain client relations. However, in the second half of 2022, the business cycle in this industry took a sharp turn for the worse, and clients whose orders have been accepted delayed their orders, resulting in a slight decline in revenue. Under such tough circumstances, the sales team of the company utilized digital tools during the pandemic period, and actively maintained close contact with customers. Through online collaboration, the company successfully achieved both revenue and profit growth.
5. Despite the pandemic's impact, the company continues to invest resources in fundamental R&D and educational training, in order to improve the knowledge skills and management skills of employees. In addition to continuing basic education and training over the past years, the company also invites internal and external instructors to implement courses in basic science, applied science, and management science. Online courses were provided during the pandemic period. In addition to strengthening the depth of knowledge, we also focus on the breadth of knowledge. Furthermore, R&D staff also actively participate in various domestic and foreign advanced-technology-trend seminars, thereby learning of and paying attention to advanced market opportunities.

## 2.4 Company Future Development Strategy

Since the company was established, we have lived up to the policy of "technological innovation, stable quality, efficiency improvement, and client satisfaction" and adopted machine vision and AI technology to provide various automated inspection and measurement solutions for the industrial manufacturing field, so as to become a quality guardian in the manufacturing industry. We continue to focus on the R&D of advanced inspection equipment, integrate the professional technologies of optics, mechanism, electronic control, and inspection software, continue to launch more advanced AOI equipment, as well as gradually increase our market share in a stable manner and consolidate our position in the market of high-end automatic optical inspection products. In addition to consolidating the company's existing markets, we proactively invest in the machine vision applications in various fields, strengthen our AI and big data analysis technologies, and provide clients with high-efficiency and comprehensive industrial automated inspection solutions.

1. Value customer satisfaction as the ultimate goal, and implement it thoroughly in all operational aspects. Understand and comprehend the real demands of customers, exploit the company's R&D and production capabilities, and provide quality products to customers, in order to exceed customers' expectations and gain customer trust.
2. Enter new emerging markets with value products based on new technologies, overcome yield rate management issues faced by the new market, and assist customers in improving production yield rate swiftly, thereby jointly achieving high-value products and mutual gains.
3. Implement technology and production-capability improvements for the currently existing production lines, and increase customers' production efficiency while simultaneously achieving stable revenues and profits.
4. Establish stable and prosperous partnerships with both domestic and foreign, upstream/downstream suppliers and customers, build a collaborative team, and achieve mutual growth.
5. Establish a cell service team in each region and form team flexibility, in order to provide multi-functional and prompt local services. Achieve customer satisfaction, increase reliance, and maintain long-term common interests with business partners.
6. Continuously optimize our production quality management system and improve performance of each stage of the production process, thereby achieving the comprehensive benefits of improved speed and quality, and an increase of efficiency and reduction of cost.
7. Continue to cultivate professional and management talents and improve the organization's reward system, thereby establishing a competitive, winning team.

## 2.5 Impacts of External Competitive Environment, Legal Environment, and the Overall Operating Environment

1. External competitive environment  
The global pandemic began to gradually slow down during 2022, and various countries gradually lifted their border control measures to allow economic activities to return to normal. However, mainland China still implemented a

stricter anti-pandemic management policy. As Favite's 's overseas revenue mainly comes from China, the cost of cross-border transportation remains high, and the shortage of labor remains. In addition, due to the climate change issues, global carbon reduction is an indicator of important trends. The company will continue to invest in the AI AOI application based on the R&D energy and dynamics accumulated from the past in order to utilize the latest AI technology to replace labor, thus achieving the objective of industrial inspection automation. Moreover, micro LED is a new field of display receiving great attention from the market following OLED. The company has developed various products for different stages of the entire process over the past year and is proactively building a layout of products to develop them as our main products in the next stage of the display industry.

## 2. Regulatory environment

The business operation of FAVITE complies with laws and regulations and emphasizes the importance of ethics. Accordingly, the company tracks regulatory changes, assesses the amendment of internal rules, and establishment and implementation of legal compliance programs, in order to actively cope with various changes in the regulatory environment. In addition, the company also arranges legal compliance education and training to allow employees to understand business-related laws and regulations, in order to make proper commercial and moral judgments. Moreover, the company actively understands and participates in the various industrial upgrades and R&D incentive programs promoted by the company. With the assistance of the government, the company is able to maintain industry-wide standards.

## 3. Overall operation environment

As the domestic anti-pandemic measures were gradually lifted during 2022, the society, economy, and people's daily lives gradually returned to normal in the first half of the year. Despite that, the economic activities between China and Taiwan continued during this period and the border control and epidemic measures of quarantine-after-entry implemented by both regions significantly increased the quarantine cost associated with the cross-strait operating activities. Because of this, profitability of equipment manufacturers relying on export sales was significantly affected. However, in the second half of 2022, as Samsung announced that it would suspend its panel purchases due to its high inventory levels, the entire industry took a sharp turn for the worse and the consecutive quarters of growth stopped. In the third quarter, the two major heavyweights in Taiwan's panel industry experienced severe setbacks.

The year of 2022 is the year when Favite's AI AOI began to shine. With more than twenty years of extensive experience in the field of inspection, the company has accumulated millions of data entries related to production defects to establish the AI solution. In addition to the original AOI equipment capable of providing the functions of defect determination and classification, the company is able to further increase the AI inspection speed to a level superior to other competitors in the industry based on the company's outstanding R&D

in algorithm development for direct application in AOI inspection. Accordingly, from the start, the company's equipment is able to perform accurate inspections, so the over-detection rate is reduced and labor hours can be significantly saved. Consequently, the company promotes quality changes in the field of industrial automation. In the emerging blue ocean market of the Mini/Micro LED industry, the company provides solutions capable of overcoming problems faced by traditional AOI. Such solutions can be implemented during the early stage of production so manufacturers are able to reduce significantly the amount of labor required in their production lines. In view of the above, the successful experience can be duplicated swiftly. So, it is expected to become one of the key products of the company for the next three to five years, thus bringing significant growth to the revenue of the company.

The integration of AI with new emerging technologies and applications of IoT, automotive electronics, and compound semiconductors, etc., will drive the demand and continuous growth of various types of semiconductor elements in great volume. This is expected to become the main dynamic driving the growth of the semiconductor industry in the post-pandemic era. In 2022, FAVITE will continue the business planning of inspection and measurement equipment, in order to diversify its market distribution and product range to fight against possible fluctuations within a single industry. For the emerging industry-upgrade solutions, the company will enter numerous new fields of semiconductor packaging and testing, as well as substrate testing. In addition, the company will also continue its cultivation of the LCD industry with products and services of higher technical value, thereby assisting customers in increasing production capacity, volume, and efficiency along with reductions in manufacturing cost. Accordingly, with business development in these fields, both the revenue and profit of the company are expected to grow.

Chairman: CHEN, YUNG-HUA

President: CHEN, YUNG-HUA

Accounting Supervisor: FAN, HSIAO-LAN

<Attachment 2>

## Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements, and proposal for the allocation of profits. The CPA firm of Deloitte & Touche was retained to audit Favite's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To Favite, Inc. 2023 General Shareholders' Meeting

Favite, Inc.

Chairman of the Audit Committee:

Handwritten signature of Hsiang Chi Tseng in cursive script.

February 24, 2023

**Favite, Inc.**  
**The Comparison Table for the**  
**“Corporate Governance Best Practice Principles”**  
**Of the Original and the Amended Articles**

Article	Original Article	Amended Article	Explanation
Article 1	To establish a sound corporate governance system, the Company with reference to the Corporate Governance Principles, formulates the corporate governance best practice principles and establishes an effective corporate governance framework for compliance.	To establish a sound corporate governance system, the Company with reference to the Corporate Governance <u>Best Practice</u> Principles, formulates the corporate governance best practice principles and establishes an effective corporate governance framework for compliance.	Adjusted to be consistent with the name of the principles.
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 shareholders meetings according to laws. 2. Producing minutes of board meetings and shareholders meetings.	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 shareholders meetings	Amended per 23 December 2022 Public Announcement No. Taiwan-Stock-Governance-1110024366-1 of the Taiwan Stock Exchange Corporation 2. Cooperate with the company's establishment of an audit committee to replace

	<p>3. Assisting in onboarding and continuous development of directors <u>and supervisors</u>.</p> <p>4. Furnishing information required for business execution by <u>directors and supervisors</u>.</p> <p>5. Assisting directors <u>and supervisors</u> with legal compliance.</p> <p>6. <u>Other matters set out in the articles or corporation or contracts</u></p>	<p>according to laws.</p> <p>2. Producing minutes of board meetings and shareholders meetings.</p> <p>3. Assisting in onboarding and continuous development of directors.</p> <p>4. Furnishing information required for business execution by directors.</p> <p>5. Assisting directors with legal compliance.</p> <p>6. <u>Report to the board of directors the results of the examination of whether the qualifications of independent directors at the time of nomination, election and during their tenure comply with relevant laws and regulations.</u></p> <p>7. <u>Handle matters related to the change of directors.</u></p> <p>8. <u>Other matters set out in the articles or corporation or contracts.</u></p>	<p>the supervisor.</p>
<p>Article 10</p>	<p>The company shall place high importance on the shareholder 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.</p> <p>To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.</p> <p>To protect its shareholders' rights and interests and ensure equal treatment, the company shall adopt internal rules</p>	<p>The company shall place high importance on the shareholder 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.</p> <p>To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.</p> <p>To protect its shareholders' rights and interests and ensure equal treatment, the company shall adopt internal rules</p>	<p>Conform to the amendments to related regulations and business needs.</p>

	<p>prohibiting company insiders from trading securities using information not disclosed to the market.</p> <p>It <u>is advisable</u> that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of <u>a TWSE/TPEX listed</u> company become aware of the contents of the company's financial reports or relevant results.</p>	<p>prohibiting company insiders from trading securities using information not disclosed to the market.</p> <p>It <u>shall be</u> that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of <u>the</u> company become aware of the contents of the company's financial reports or relevant results.</p>	
Article 12	<p>In entering into material financial and business transactions such as the 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 shareholders meeting so as to protect the interests of the shareholders.</p> <p>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.</p>	<p>In entering into material financial and business transactions such as the 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 shareholders meeting so as to protect the interests of the shareholders.</p> <p>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.</p> <p><u>If the company's management or major shareholders participate in mergers and acquisitions, whether the members of</u></p>	<p>Amended per 25 November 2022 Public Announcement No. Taiwan-Stock-Governance - 1110023245 1 of the Taiwan Stock Exchange Corporation .</p>

	<p>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.</p>	<p><u>the audit committee reviewing the aforementioned mergers and acquisitions comply with the provisions of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall not be related or have an interested relationship with the counterparty of the merger and acquisition transaction if it is sufficient to affect independence, whether the design and implementation of relevant procedures comply with relevant laws and regulations, and whether the information is fully disclosed in accordance with relevant laws and regulations, an independent lawyer should issue a legal opinion. The qualifications of lawyers referred to in the preceding Paragraph shall comply with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and shall not be related to the counterparty of the M&amp;A transaction, or have an interest sufficient to affect independence.</u></p> <p>The relevant personnel of The company handling the matters <u>related to mergers and acquisitions</u> in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.</p>	
Section 3	Corporate Governance Relationships Between the Company and Its <u>Affiliated Enterprises</u>	Corporate Governance Relationships Between the Company and Its <u>Related Parties.</u>	Amended per 23 December 2022 Public Announcement No.

			Taiwan-Stock-Governance - 1110024366 1 of the Taiwan Stock Exchange Corporation
Article 17	<p>When the company and its <u>affiliated enterprises</u> 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.</p> <p><u>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.</u></p>	<p>When the company and its <u>related parties and shareholders</u> enter into inter-company business <u>dealings or</u> 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 and <u>improper channeling of profits</u> shall be prohibited. <u>The written specification in the preceding paragraph shall include management procedures for transactions such as the purchase and sale of goods, acquisition or disposal of assets, capital lending, and endorsement guarantees, and relevant major transactions shall be submitted to the board of directors for resolution and approval, and to the shareholders' meeting for approval or report.</u></p>	Amended per 23 December 2022 Public Announcement No. Taiwan-Stock-Governance - 1110024366 1 of the Taiwan Stock Exchange Corporation
Article 28	<p>The company shall establish <u>either an audit committee or a supervisor.</u></p> <p><u>The audit committee shall be composed of the entire number of independent directors. It 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.</u></p> <p><u>The exercise of power by the audit committee and independent directors and related matters shall be set forth in</u></p>	<p>The company shall establish an audit committee.</p>	Amended per 23 December 2022 Public Announcement No. Taiwan-Stock-Governance - 1110024366

	<u>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.</u>		1 of the Taiwan Stock Exchange Corporation
Article 29	<p>To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer.</p> <p>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.</p> <p>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 professional courses offered by professional development institutions for principal accounting officers.</p> <p>The company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the company's financial conditions and internal control measures. 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 incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>The company shall evaluate the</p>	<p>To improve the quality of its financial reports, the company shall establish the position of deputy to its principal accounting officer.</p> <p>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.</p> <p>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 professional courses offered by professional development institutions for principal accounting officers.</p> <p>The company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the company's financial conditions and internal control measures. 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 incorporate procedures for that purpose into the company's internal control system for management</p>	<p>1. Amended per 23 December 2022 Public Announcement No. Taiwan-Stock-Governance-11100243661 of the Taiwan Stock Exchange Corporation.</p> <p>2. Cooperate with the company's establishment of an audit committee to replace the supervisor.</p>

	<p>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 7 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.</p>	<p>purposes. The company shall evaluate the independence and suitability of the CPA engaged and <u>reference the Audit Quality Index (AQIs)</u> by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 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.</p>	
Article 61	<p>The corporate governance best practice principles of each TWSE/GTSM listed company shall be implemented after the board of directors grants the approval.</p> <p>The 1st amendment was made on December 21, 2012.</p> <p>The 2nd amendment was made on April 25, 2014.</p> <p>The 3rd amendment was made on March 20, 2015.</p> <p>The 4th amendment was made on November 8, 2019.</p> <p>The 5th amendment was made on March 20, 2020.</p> <p>The 6th amendment was made on January 21, 2022.</p> <p>The 6th amendment was made on May 6, 2022.</p>	<p>The corporate governance best practice principles of each TWSE/GTSM listed company shall be implemented after the board of directors grants the approval.</p> <p>The 1st amendment was made on December 21, 2012.</p> <p>The 2nd amendment was made on April 25, 2014.</p> <p>The 3rd amendment was made on March 20, 2015.</p> <p>The 4th amendment was made on November 8, 2019.</p> <p>The 5th amendment was made on March 20, 2020.</p> <p>The 6th amendment was made on January 21, 2022.</p> <p>The <u>7th</u> amendment was made on May 6, 2022.</p> <p><u>The 8th amendment was made on August 5, 2022.</u></p> <p><u>The 9th amendment was made on January 13, 2023.</u></p> <p><u>The 10th amendment was made on February 24, 2023.</u></p>	Adjusted to be consistent with the name of the principles and adding amendment date and adjustment error.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Favite, Inc.

### **Opinion**

We have audited the accompanying parent company only financial statements of Favite, Inc., which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Favite, Inc. as of December 31, 2022 and 2021, and the parent company only financial performance and the 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 Favite, Inc. in accordance with The Norm of Professional Ethics for Certified Public Accountant 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 judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for Favite, Inc.'s parent company only financial statements for the year ended December 31, 2022 is stated as follows:

## Revenue recognition

Favite, Inc.'s revenue is mainly from the sales of automated optical inspection machines, accounting for 88% of the total operating revenue. Please refer to Note 21 for details. As the revenue from the sales of the merchandise to some clients grew significantly, we listed the recognition of the above revenue as a key audit matter.

1. We reviewed Favite, Inc.'s policy on the recognition of the revenue from the sales of automated optical inspection machines to confirm and evaluate if the relevant internal control measures during sales were effective.
2. We randomly checked the sales details and examined the contracts, external orders, delivery orders, shipping documents, and sales invoices; and learned about the clients' relevant industry backgrounds to confirm the authenticity of the revenue.

## **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 Favite, Inc.'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 judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Favite, Inc.'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 Favite, Inc.'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 Favite, Inc. 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 Favite, Inc. 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 for the year ended December 31, 2022 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 Su-Li Fang and Tung-Hui Yeh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

Notice to Readers

*The accompanying financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

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

**Favite, Inc.**

**PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and cash equivalents (Notes 4, 6, and 27)	\$ 744,880	35	\$ 807,351	36	\$ 150,000	7	\$ 120,000	5
Contract assets - current (Notes 21 and 28)	169,992	8	183,909	8	-	-	-	-
Notes and trade receivables (Notes 4, 8, 21, and 27)	432,873	21	325,507	15	4,518	-	191,441	9
Trade receivables from related parties (Notes 4, 8, 21, 27, and 28)	-	-	4,619	-	103,368	5	360,616	16
Current tax assets (Notes 4 and 23)	134	-	321	-	121,182	6	7,835	-
Inventories (Notes 4 and 9)	181,199	9	292,129	13	-	-	124,912	6
Other financial assets - current (Notes 14, 27, and 29)	23,194	1	33,923	2	45,304	2	9,188	-
Other current assets (Note 14 and 27)	19,438	1	54,238	3	33,276	2	24,814	1
Total current assets	<u>1,571,710</u>	<u>75</u>	<u>1,701,997</u>	<u>77</u>	<u>49,004</u>	3	<u>57,984</u>	3
<b>NON-CURRENT ASSETS</b>								
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 27)	2,440	-	4,034	-	1,337	-	1,490	-
Investments accounted for using the equity method (Notes 4 and 10)	36,827	2	32,762	1	252,588	12	42,588	2
Property, plant and equipment (Notes 4, 11, and 29)	419,885	20	416,517	19	5,140	-	4,665	-
Right-of-use assets (Notes 4 and 12)	3,616	-	4,171	-	837,110	40	945,905	42
Intangible assets (Notes 4 and 13)	10,436	-	2,912	-	-	-	-	-
Deferred tax assets (Notes 4 and 23)	57,188	3	57,188	3	43,028	2	295,616	14
Other non-current assets (Note 14 and 27)	399	-	1,043	-	2,352	-	2,705	-
Total non-current assets	<u>530,791</u>	<u>25</u>	<u>518,627</u>	<u>23</u>	<u>4,078</u>	-	<u>4,905</u>	-
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Short-term borrowings (Notes 15, 27, and 29)	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, and 27)	-	-	-	-	-	-	-	-
Contract liabilities - current (Note 21)	4,518	-	-	-	-	-	372	-
Trade payables (Note 16 and 27)	103,368	5	-	-	45,304	2	9,188	-
Trade payables to related parties (Notes 16, 27, and 28)	-	-	-	-	33,276	2	24,814	1
Other payables (Note 17 and 27)	121,182	6	33,923	2	49,004	3	-	-
Payable to employees compensation and remuneration of directors and supervisors (Note 22)	45,304	2	69,393	3	69,393	3	57,984	3
Other payables to related parties (Note 27 and 28)	-	-	-	-	1,337	-	1,490	-
Current tax liabilities (Notes 4 and 23)	49,004	3	-	-	252,588	12	42,588	2
Provisions - current (Notes 4 and 18)	69,393	3	-	-	5,140	-	4,665	-
Lease liabilities - current (Notes 4 and 12)	1,337	-	-	-	837,110	40	945,905	42
Current portion of long-term borrowings (Notes 15, 27, and 29)	-	-	-	-	-	-	-	-
Other current liabilities (Note 17)	-	-	-	-	-	-	-	-
Total current liabilities	<u>306</u>	<u>2</u>	<u>49,764</u>	<u>2</u>	<u>306</u>	<u>2</u>	<u>303,532</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>								
Long-term borrowings (Notes 15, 27, and 29)	-	-	-	-	886,874	42	1,249,437	56
Lease liabilities - non-current (Notes 4, 12, and 27)	-	-	-	-	-	-	-	-
Net defined benefit liability - non-current (Notes 4 and 19)	-	-	-	-	-	-	-	-
Guarantee deposits received (Notes 27)	-	-	-	-	-	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>886,874</u>	<u>42</u>	<u>49,764</u>	<u>2</u>	<u>1,249,437</u>	<u>42</u>	<u>1,249,437</u>	<u>56</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)</b>								
Share capital	-	-	-	-	-	-	-	-
Ordinary share	790,523	37	790,523	36	790,523	37	790,523	36
Capital surplus	98,490	5	98,490	4	98,490	5	98,490	4
Retained earnings	-	-	-	-	-	-	-	-
Legal reserve	24,610	1	24,610	1	18,244	1	18,244	1
Special reserve	5,045	-	5,318	-	5,318	-	5,318	-
Unappropriated earnings	301,509	15	63,657	3	63,657	3	63,657	3
Other equity	(4,550)	-	(4,550)	-	(4,550)	-	(4,550)	-
Total equity	<u>1,215,627</u>	<u>58</u>	<u>971,187</u>	<u>44</u>	<u>1,215,627</u>	<u>58</u>	<u>971,187</u>	<u>44</u>
<b>TOTAL</b>	<u>\$ 2,102,501</u>	<u>100</u>	<u>\$ 2,220,624</u>	<u>100</u>	<u>\$ 2,102,501</u>	<u>100</u>	<u>\$ 2,220,624</u>	<u>100</u>

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

## Favite, Inc.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21, and 28)	\$ 1,459,416	100	\$ 1,406,597	100
OPERATING COSTS (Notes 9, 19, 22, and 28)	<u>883,696</u>	<u>60</u>	<u>1,013,742</u>	<u>72</u>
GROSS PROFIT	<u>575,720</u>	<u>40</u>	<u>392,855</u>	<u>28</u>
OPERATING EXPENSES (Notes 12, 13, 19, 22, and 28)				
Selling and marketing expenses	39,170	3	42,976	3
General and administrative expenses	95,798	7	66,318	5
Research and development expenses	210,642	14	165,707	12
Expected credit loss (gain) (Notes 8 and 21)	<u>3,385</u>	<u>-</u>	<u>( 7,547 )</u>	<u>( 1 )</u>
Total operating expenses	<u>348,995</u>	<u>24</u>	<u>267,454</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>226,725</u>	<u>16</u>	<u>125,401</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Interest income	7,246	1	1,636	-
Other income	698	-	10,944	1
Other gains or losses	101,586	7	( 31,793 )	( 2 )
Financial costs	( 7,597 )	( 1 )	( 7,505 )	( 1 )
Share of gain of subsidiaries (Note 10)	<u>3,597</u>	<u>-</u>	<u>1,853</u>	<u>-</u>
Total non-operating income and expenses	<u>105,503</u>	<u>7</u>	<u>( 24,865 )</u>	<u>( 2 )</u>
PROFIT BEFORE INCOME TAX	\$ 332,228	23	\$ 100,536	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>49,247</u>	<u>4</u>	<u>3,725</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>282,981</u>	<u>19</u>	<u>96,811</u>	<u>7</u>

(Continued)

**Favite, Inc.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	490	-	( 132 )	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations (Notes 4 and 20)	<u>495</u>	<u>-</u>	<u>( 203 )</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>985</u>	<u>-</u>	<u>( 335 )</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 283,966</u>	<u>19</u>	<u>\$ 96,476</u>	<u>7</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.58</u>		<u>\$ 1.22</u>	
Diluted	<u>\$ 3.50</u>		<u>\$ 1.22</u>	

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

(Concluded)

**Favite, Inc.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Other Equity		Total Equity
	Share (Thousands)	Amount	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations		
BALANCE AT JANUARY 1, 2021	79,052	\$ 790,523	\$ 98,490	\$ 18,244	\$ 5,318	(\$ 33,022)	(\$ 4,842)	\$ 874,711	
Net profit for the year ended December 31, 2021	-	-	-	-	-	96,811	-	96,811	
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(132)	(203)	(335)	
BALANCE AT DECEMBER 31, 2021	79,052	790,523	98,490	18,244	5,318	63,657	(5,045)	971,187	
Appropriation of 2021 earnings									
Legal reserve	-	-	-	6,366	-	(6,366)	-	-	
Special reserve	-	-	-	-	(273)	273	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(39,526)	-	(39,526)	
Net profit for the year ended December 31, 2022	-	-	-	-	-	282,981	-	282,981	
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	490	495	985	
BALANCE AT DECEMBER 31, 2022	79,052	\$ 790,523	\$ 98,490	\$ 24,610	\$ 5,045	\$ 301,509	(\$ 4,550)	\$ 1,215,627	

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

## Favite, Inc.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 332,228	\$ 100,536
Adjustments for:		
Depreciation expense	11,979	11,449
Amortization expense	1,160	1,118
Expected credit loss (gain) on trade receivables	3,385	( 7,547 )
Net loss on the fair value change of financial assets at fair value through profit or loss	1,222	904
Financial costs	7,597	7,505
Interest income	( 7,246 )	( 1,636 )
Share of profit of subsidiaries	( 3,570 )	( 1,853 )
Loss on disposal of property, plant and equipment	695	-
Lease modification benefit	( 6 )	( 41 )
Net (gain) loss on foreign currency exchange	( 63,002 )	37,724
Provisions	11,409	8,931
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	13,800	( 41,831 )
(Increase) decrease in notes and trade receivables	( 85,154 )	293,090
Decrease in inventories	110,930	11,366
Decrease in other current assets	35,857	31,015
(Decrease) increase in contract liabilities	( 186,923 )	611
Decrease in trade payables	( 263,244 )	( 56,767 )
Increase in other payables	5,165	48,879
Increase (decrease) in other current liabilities	475	( 18,548 )
Decrease in net defined benefit liability	( 337 )	( 344 )
Increase in payable to employees compensation and remuneration of directors and supervisors	<u>36,116</u>	<u>9,188</u>
Cash (used in) from operations	( 37,464 )	433,749
Interest received	6,189	1,658
Interest paid	( 7,723 )	( 7,682 )
Income tax paid	<u>( 56 )</u>	<u>-</u>
Net cash generated (used in) from operating activities	<u>( 39,054 )</u>	<u>427,725</u>

(Continued)

## Favite, Inc.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of property, plant and equipment	( \$ 15,826 )	( \$ 4,498 )
Proceeds from disposal of property, plant and equipment	167	-
Increase in refundable deposits	( 933 )	( 4,133 )
Decrease in refundable deposits	1,578	8,638
Payments for intangible assets	( 8,684 )	( 2,772 )
Decrease in other financial assets	<u>12,318</u>	<u>18,502</u>
Net cash generated (used in) from investing activities	( <u>11,380</u> )	<u>15,737</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	630,000	580,000
Repayments of short-term borrowings	( 600,000 )	( 813,309 )
Repayment of long-term borrowings	( 42,588 )	( 30,293 )
Repayment of the principal portion of lease liabilities	( 1,374 )	( 1,455 )
Dividends paid to owners of the Company	( <u>39,526</u> )	<u>-</u>
Net cash used in financing activities	( <u>53,488</u> )	( <u>265,057</u> )
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>41,451</u>	( <u>7,267</u> )
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	( 62,471 )	171,138
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>807,351</u>	<u>636,213</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 744,880</u>	<u>\$ 807,351</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Favite, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Favite, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and 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 Company as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

## Revenue recognition

The Company's revenue is mainly from the sales of automated optical inspection machines, accounting for 86% of the total operating revenue. Please refer to Note 21 for details. As the revenue from the sales of the merchandise to some clients grew significantly, we listed the recognition of the above revenue as a key audit matter.

1. We reviewed the Company's policy on the recognition of the revenue from the sales of automated optical inspection machines to confirm and evaluate if the relevant internal control measures during sales were effective.
2. We randomly checked the sales details and examined the contracts, external orders, delivery orders, shipping documents, and sales invoices; and learned about the clients' relevant industry backgrounds to confirm the authenticity of the revenue.

## **Other Matter**

We have also audited the parent company only financial statements of Favite, Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

## **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission 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 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 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 Company'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 judgment and 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 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 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 Company 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 entities or business activities within the Company 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 for the year ended December 31, 2022, 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 audits resulting in this independent auditors' report are Su-Li Fang and Tung-Hui Yeh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

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

## Favite, Inc. and Subsidiaries

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash and cash equivalents (Notes 4, 6, and 27)	\$ 748,967	36	\$ 818,534	37	\$ 150,000	7	\$ 120,000	6
Contract assets - current (Notes 21 and 28)	169,992	8	183,909	8	-	-	372	-
Notes and trade receivables (Notes 4, 8, 21, and 27)	438,726	21	326,937	15	4,518	-	191,441	9
Trade receivables from related parties (Notes 4, 8, 21, 27, and 28)	-	-	4,619	-	103,368	5	360,819	16
Current tax assets (Notes 4 and 23)	134	-	321	-	-	-	7,835	-
Inventories (Notes 4 and 9)	181,199	9	292,129	13	43,304	2	9,188	-
Other financial assets - current (Notes 14, 27, and 29)	23,194	1	33,923	2	129,565	6	131,837	6
Other current assets (Note 14 and 27)	20,414	1	53,837	3	49,004	3	-	-
Total current assets	<u>1,582,626</u>	<u>76</u>	<u>1,716,209</u>	<u>78</u>	<u>2,081</u>	-	<u>2,213</u>	-
<b>NON-CURRENT ASSETS</b>								
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 27)	2,440	-	4,034	-	252,588	12	42,588	2
Property, plant and equipment (Notes 4, 11, and 29)	420,204	20	416,788	19	5,140	-	4,665	-
Right-of-use assets (Notes 4 and 12)	4,710	1	5,986	-	812,561	39	928,942	42
Intangible assets (Notes 4 and 13)	10,436	1	2,912	-	-	-	-	-
Deferred tax assets (Notes 4 and 23)	57,188	3	57,188	3	43,028	2	295,616	14
Other non-current assets (Note 14 and 27)	1,124	-	1,647	-	2,728	-	3,808	-
Total non-current assets	<u>496,102</u>	<u>24</u>	<u>488,555</u>	<u>22</u>	<u>4,078</u>	1	<u>4,905</u>	-
					<u>50,140</u>	<u>3</u>	<u>304,635</u>	<u>14</u>
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Short-term borrowings (Notes 15, 27, and 29)								
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, and 27)								
Contract liabilities - current (Note 21)								
Trade payables (Note 16 and 27)								
Trade payables to related parties (Notes 16, 27, and 28)								
Payable to employees compensation and remuneration of directors and supervisors (Note 22)								
Other payables (Note 17 and 27)								
Current tax liabilities (Notes 4 and 23)								
Provisions - current (Notes 4 and 18)								
Lease liabilities - current (Notes 4, 12, and 27)								
Current portion of long-term borrowings (Notes 15, 27, and 29)								
Other current liabilities (Note 17)								
Total current liabilities								
<b>NON-CURRENT LIABILITIES</b>								
Long-term borrowings (Notes 15, 27, and 29)								
Lease liabilities - non-current (Notes 4, 12, and 27)								
Net defined benefit liability - non-current (Notes 4 and 19)								
Guarantee deposits received (Notes 27)								
Total non-current liabilities								
Total liabilities								
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)</b>								
Share capital								
Ordinary share								
Capital surplus								
Retained earnings								
Legal reserve								
Special reserve								
Unappropriated earnings								
Other equity								
Total equity								
<b>TOTAL</b>	<u>\$ 2,078,728</u>	<u>100</u>	<u>\$ 2,204,764</u>	<u>100</u>	<u>\$ 2,078,728</u>	<u>100</u>	<u>\$ 2,204,764</u>	<u>100</u>

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

## Favite, Inc. and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21, 28, and 33)	\$ 1,477,429	100	\$ 1,409,254	100
OPERATING COSTS (Notes 9, 19, 22, and 28)	<u>883,696</u>	<u>60</u>	<u>1,016,464</u>	<u>72</u>
GROSS PROFIT	<u>593,733</u>	<u>40</u>	<u>392,790</u>	<u>28</u>
OPERATING EXPENSES (Notes 12, 19, 22, and 28)				
Selling and marketing expenses	39,170	3	42,976	3
General and administrative expenses	96,122	7	66,940	5
Research and development expenses	225,054	15	163,233	12
Expected credit loss (gain) (Notes 8 and 21)	<u>3,385</u>	<u>-</u>	<u>( 7,547 )</u>	<u>( 1 )</u>
Total operating expenses	<u>363,731</u>	<u>25</u>	<u>265,602</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>230,002</u>	<u>15</u>	<u>127,188</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Interest income	7,300	1	1,713	-
Other income	1,029	-	11,012	1
Other gains or losses	101,586	7	( 31,793 )	( 2 )
Financial costs	<u>( 7,616 )</u>	<u>( 1 )</u>	<u>( 7,525 )</u>	<u>( 1 )</u>
Total non-operating income and expenses	<u>102,299</u>	<u>7</u>	<u>( 26,593 )</u>	<u>( 2 )</u>
PROFIT BEFORE INCOME TAX	\$ 332,301	22	\$ 100,595	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>49,320</u>	<u>3</u>	<u>3,784</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>282,981</u>	<u>19</u>	<u>96,811</u>	<u>7</u>

(Continued)

## Favite, Inc. and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	490	-	( 132 )	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations (Notes 4 and 20)	<u>495</u>	<u>-</u>	<u>( 203 )</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>985</u>	<u>-</u>	<u>( 335 )</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 283,966</u>	<u>19</u>	<u>\$ 96,476</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 282,981	19	\$ 96,811	7
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 282,981</u>	<u>19</u>	<u>\$ 96,811</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 283,966	19	\$ 96,476	7
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 283,966</u>	<u>19</u>	<u>\$ 96,476</u>	<u>7</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.58</u>		<u>\$ 1.22</u>	
Diluted	<u>\$ 3.50</u>		<u>\$ 1.22</u>	

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

(Concluded)

**Favite, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Other Equity		Total Equity
	Share (Thousands)	Amount	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations		
BALANCE AT JANUARY 1, 2021	79,052	\$ 790,523	\$ 98,490	\$ 18,244	\$ 5,318	(\$ 33,022)	(\$ 4,842)	\$ 874,711	
Net profit for the year ended December 31, 2021	-	-	-	-	-	96,811	-	96,811	
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(132)	(203)	(335)	
BALANCE AT DECEMBER 31, 2021	79,052	790,523	98,490	18,244	5,318	63,657	(5,045)	971,187	
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	6,366	-	(6,366)	-	-	
Special reserve	-	-	-	-	(273)	273	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(39,526)	-	(39,526)	
Net profit for the year ended December 31, 2022	-	-	-	-	-	282,981	-	282,981	
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	490	495	985	
BALANCE AT DECEMBER 31, 2022	79,052	\$ 790,523	\$ 98,490	\$ 24,610	\$ 5,045	\$ 301,509	(\$ 4,550)	\$ 1,215,627	

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

## Favite, Inc. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 332,301	\$ 100,595
Adjustments for:		
Depreciation expense	12,823	12,291
Amortization expense	1,160	1,118
Expected credit loss (gain) on trade receivables	3,385	( 7,547 )
Net loss on the fair value change of financial assets at fair value through profit or loss	1,222	904
Financial costs	7,616	7,525
Interest income	( 7,300 )	( 1,713 )
Loss on disposal of property, plant and equipment	695	-
Lease modification benefit	( 6 )	( 49 )
Net (gain) loss on foreign currency exchange	( 62,521 )	37,389
Provisions	11,409	8,931
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	13,800	( 41,831 )
(Increase) decrease in notes and trade receivables	( 89,577 )	294,613
Decrease in inventories	110,930	11,366
Decrease in other current assets	36,480	31,017
(Decrease) increase in contract liabilities	( 186,923 )	611
Decrease in trade payables	( 263,447 )	( 58,895 )
(Decrease) increase in other payables	( 1,820 )	49,927
Increase (decrease) in other current liabilities	475	( 18,548 )
Decrease in net defined benefit liability	( 337 )	( 212 )
Increase in payable to employees compensation and remuneration of directors and supervisors	36,116	9,188
Cash (used in) from operations	( 43,519 )	436,680
Interest received	6,243	1,686
Interest paid	( 7,761 )	( 7,729 )
Income tax paid	( 129 )	( 23 )
Net cash generated (used in) from operating activities	( 45,166 )	430,614

(Continued)

## Favite, Inc. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments of property, plant and equipment	( \$ 15,959 )	( \$ 4,607 )
Proceeds from disposal of property, plant and equipment	167	-
Increase in refundable deposits	( 1,194 )	( 4,324 )
Decrease in refundable deposits	1,725	8,805
Payments for intangible assets	( 8,684 )	( 2,772 )
Decrease in other financial assets	<u>12,318</u>	<u>18,502</u>
Net cash generated (used in) from investing activities	( <u>11,627</u> )	<u>15,604</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	630,000	580,000
Repayments of short-term borrowings	( 600,000 )	( 813,309 )
Repayment of long-term borrowings	( 42,588 )	( 30,293 )
Repayment of the principal portion of lease liabilities	( 2,111 )	( 2,203 )
Dividends paid to owners of the Company	( <u>39,526</u> )	<u>-</u>
Net cash used in financing activities	( <u>54,225</u> )	( <u>265,805</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>41,451</u>	( <u>7,233</u> )
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 69,567 )	173,180
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>818,534</u>	<u>645,354</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 748,967</u>	<u>\$ 818,534</u>

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

(Concluded)

<Attachment 6>

**Favite, Inc.**  
**Statement of Profit Distribution**  
**2022**

(Unit: NT\$)

Item	Amount
Unappropriated Earnings, Beginning of Year	18,037,960
Plus: Net Profit of 2021	282,980,599
Plus: Remeasurement of Defined Benefit Plans Counted in Retained Earnings	490,248
Net Income of 2022 and other adjustments transferred to retained earnings in 2022	283,470,847
Minus: 10% Legal Reserve Appropriated	(28,347,085)
Plus: Reversed special reserve	495,311
Retained Earnings Available for Distribution	273,657,033
Distribution of Shareholder Dividends - Cash (NT\$ 1 per share)	(79,052,356)
Ending Balance of Unappropriated Earnings	194,604,677

**Favite, Inc.**  
**The Comparison Table for the**  
**“Articles of Incorporation”**  
**Of the Original and the Amended Articles**

Article	Original Article	Amended Article	Explanation
Article 2	<p>The businesses of the Company are as follows:</p> <p>I301010 Service of information software.</p> <p>F213040 Retail Sale of Precision Instruments.</p> <p>CB01010 Machinery and Equipment Manufacturing.</p> <p>CE01010 General Instrument Manufacturing.</p> <p>CC01080 Electronic Parts and Components Manufacturing.</p> <p>CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.</p> <p>CE01030 Optical Instruments Manufacturing.</p> <p>E603050 Automatic Control Equipment Engineering.</p> <p>E604010 Machinery Installation.</p> <p>F113010 Wholesale of Machinery.</p> <p>F113030 Wholesale of Precision Instruments.</p> <p>F113050 Wholesale of Computers and Clerical Machinery Equipment.</p> <p>F118010 Wholesale of Computer Software.</p> <p>F401010 International Trade.</p> <p>I501010 Designing.</p> <p>JE01010 Rental and Leasing Business.</p> <p>ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The businesses of the Company are as follows:</p> <p>I301010 Service of information software.</p> <p>F213040 Retail Sale of Precision Instruments.</p> <p>CB01010 Machinery and Equipment Manufacturing.</p> <p>CE01010 General Instrument Manufacturing.</p> <p>CC01080 Electronic Parts and Components Manufacturing.</p> <p>CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.</p> <p>CE01030 Optical Instruments Manufacturing.</p> <p>E603050 Automatic Control Equipment Engineering.</p> <p>E604010 Machinery Installation.</p> <p>F113010 Wholesale of Machinery.</p> <p>F113030 Wholesale of Precision Instruments.</p> <p>F113050 Wholesale of Computers and Clerical Machinery Equipment.</p> <p>118010 Wholesale of Computer Software.</p> <p>F401010 International Trade.</p> <p>I501010 <u>Product</u> Designing.</p> <p>JE01010 Rental and Leasing Business.</p> <p>ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>In accordance with Letter No.11101123510 of MOEA issued on July 21, 2022, correcting business items and removing business items.</p>

Article	Original Article	Amended Article	Explanation
Article 21	<p>These Articles of Incorporation were enacted on February 29, 2000.</p> <p>The 1st amendment was made on May 12, 2000.</p> <p>The 2nd amendment was made on December 4, 2001.</p> <p>The 3rd amendment was made on January 12, 2002.</p> <p>The 4th amendment was made on May 25, 2002.</p> <p>The 5th amendment was made on October 12, 2002.</p> <p>The 6th amendment was made on November 11, 2003.</p> <p>The 7th amendment was made on May 7, 2005.</p> <p>The 8th amendment was made on July 25, 2005.</p> <p>The 9th amendment was made on April 28, 2006.</p> <p>The 10th amendment was made on April 28, 2006.</p> <p>The 11th amendment was made on January 19, 2007.</p> <p>The 12th amendment was made on November 8, 2007.</p> <p>The 13th amendment was made on June 13, 2008.</p> <p>The 14th amendment was made on June 13, 2008.</p> <p>The 15th amendment was made on June 16, 2009.</p> <p>The 16th amendment was made on September 23, 2009.</p> <p>The 17th amendment was made on September 23, 2009.</p> <p>The 18th amendment was made on June 15, 2012.</p> <p>The 19th amendment was made on June 24, 2016.</p> <p>The 20th amendment was made on May 30, 2018.</p> <p>The 21st amendment was made on June 12, 2019.</p> <p>The 22nd amendment was made on</p>	<p>These Articles of Incorporation were enacted on February 29, 2000.</p> <p>The 1st amendment was made on May 12, 2000.</p> <p>The 2nd amendment was made on December 4, 2001.</p> <p>The 3rd amendment was made on January 12, 2002.</p> <p>The 4th amendment was made on May 25, 2002.</p> <p>The 5th amendment was made on October 12, 2002.</p> <p>The 6th amendment was made on November 11, 2003.</p> <p>The 7th amendment was made on May 7, 2005.</p> <p>The 8th amendment was made on July 25, 2005.</p> <p>The 9th amendment was made on April 28, 2006.</p> <p>The 10th amendment was made on April 28, 2006.</p> <p>The 11th amendment was made on January 19, 2007.</p> <p>The 12th amendment was made on November 8, 2007.</p> <p>The 13th amendment was made on June 13, 2008.</p> <p>The 14th amendment was made on June 13, 2008.</p> <p>The 15th amendment was made on June 16, 2009.</p> <p>The 16th amendment was made on September 23, 2009.</p> <p>The 17th amendment was made on September 23, 2009.</p> <p>The 18th amendment was made on June 15, 2012.</p> <p>The 19th amendment was made on June 24, 2016.</p> <p>The 20th amendment was made on May 30, 2018.</p> <p>The 21st amendment was made on June 12, 2019.</p> <p>The 22nd amendment was made on</p>	<p>Adding amendment date.</p>

Article	Original Article	Amended Article	Explanation
	August 26, 2021. The 23rd amendment was made on June 24, 2022.	August 26, 2021. The 23rd amendment was made on June 24, 2022. The 24th amendment was made on <u>May 29, 2023.</u>	

**Favite, Inc.**  
**Concurrent Positions Held by the Directors and their**  
**Representatives**

Position	Name	Concurrent Positions
Chairman	CHEN, YUNG-HUA	Chairman, Favite Limited Chairman, Favepc Inc. Director, Yield Microelectronics Corp.
Director	Utechzone Co., Ltd.	Director, Kkgaza Co., Ltd.
Director	Utechzone Co., Ltd. Representative: CHANG, WEN CHIEH	Director, Utechzone Co., Ltd. General Manager, Director, Utechzone Co., Ltd. Director, Kkgaza Co., Ltd. Director, Utechzone Japan Co., Ltd. Director, ZF Investment Co., Ltd. Executive Director, Shanghai Xingpengjing Information Technology Co., Ltd. Director, Shanghai Huwan Intelligent Technology Co., Ltd.
Director	Utechzone Co., Ltd. Representative: LIN, FANG LUNG	Director, Utechzone Co., Ltd. Vice General Manager of Adm&Fin. Dept., Utechzone Co., Ltd.
Director	YEH, SHENG-FA	Chairman, Natsume Smartech Co., Ltd. Chairman, Sunengine Corporation Ltd. Chairman, Guangqiang Aquatic Products Co., Ltd. Chairman, Guangshuo Energy Co., Ltd. Chairman, Guangqiang Energy Co., Ltd. Independent Director, Ace Pillar Co., Ltd. Director, Solomon Goldentek Display Corp. Director, King Ultrasonic Co., Ltd. Director, SkyLine Technology Co., Ltd. Director, 3S Silicon Tech., Inc.
Director	LIN, HUNG-JEN	Chairman, Jie Kuen Precision Technologies Co., Ltd. Director, Jie Kuen Enterprise Inc.
Independent Director	LEE, SHIH-CHENG	Independent Director, Wetrust Biotech Co., Ltd.

Independent Director	SHEN, HIS- WEN	Independent Director, Unictron Technologies Corp.
Independent Director	LO, CHIH-PING	Manager, East Prayer Industrial President, Veton Tech Limited Director, Weideke New Technology Co., Ltd.

**Favite, Inc.**  
**“Articles of Incorporation”**  
**(Translation)**

Section I General Provisions

- Article 1 The Company shall be incorporated under the Company Act as a company limited by shares named “Favite Inc.”
- Article 2 The businesses of the Company are as follows:  
I301010 Service of information software.  
F213040 Retail Sale of Precision Instruments.  
CB01010 Machinery and Equipment Manufacturing.  
CE01010 General Instrument Manufacturing.  
CC01080 Electronic Parts and Components Manufacturing.  
CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing  
CE01030 Optical Instruments Manufacturing.  
E603050 Automatic Control Equipment Engineering.  
E604010 Machinery Installation.  
F113010 Wholesale of Machinery.  
F113030 Wholesale of Precision Instruments.  
F113050 Wholesale of Computers and Clerical Machinery Equipment.  
F118010 Wholesale of Computer Software.  
F401010 International Trade.  
I501010 Designing.  
JE01010 Rental and Leasing Business.  
ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company shall have its head office in Hsinchu County, Taiwan and shall be free, upon approval of the board of directors, to establish branches at home or abroad when deemed necessary.
- Article 4 The Company may endorse and guarantee externally for business or investment purposes. The total amount of the company's reinvestment is subject to the limit of 40% of the paid-in capital.
- Article 5 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## Section II Capital Stock

- Article 6 The total capital stock of the Company shall be in the amount of 1,500,000,000 New Taiwan Dollars, divided into 150,000,000 shares, at ten New Taiwan Dollars each, within which the Board is authorized to issue shares in installments.
- The Company may issue employee stock options from time to time. A total of 2,000,000 shares among the above total capital stock should be reserved for the issuance of employee stock options.
- Article 6-1 If the company proposes to issue employee stock option certificates with a subscription price lower than the market price or net value per share, the proposal shall be conducted after it has been approved by shareholders' meeting, which shall be made in accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.
- Employees of the parent company or subsidiary meeting certain specific requirements are included to be entitled to receive a share subscription warrant of the Company.
- Article 6-2 If the company proposes to repurchase company's shares and transfer to employees with a price lower than the average price of actual repurchasing shares, the proposal shall be conducted after it has been approved by shareholders' meeting, which shall be made in accordance with the relevant laws and regulations.
- Employees of the parent company or subsidiary meeting certain specific requirements are included to be entitled to receive treasury stock purchased by the Company.
- Article 6-3 Employees of the parent company or subsidiary meeting certain specific requirements are included to be entitled to receive new shares issued by the Company.
- Employees of the parent company or subsidiary meeting certain specific requirements are included to be entitled to receive Restricted Stock Awards.
- Article 7 The company's stocks are registered stocks and shall be issued after being signed or stamped by the director representing the Company and certified by the bank serving as the issuer and certifier of the stock in accordance with the law.
- For the shares to be issued to the Company, the Company may be exempted from printing any share certificate for the shares issued.
- For the shares to be issued in accordance with the provision of the preceding paragraph, the issuing company shall appoint a centralized securities custody enterprise/ institution to record the issue of such shares.
- For the corporate bonds to be produced and issued to the Company, the

preceding two paragraphs shall be applied mutatis mutandis.

Article 8 Registration for shares transfer shall be suspended within 60 days before the annual shareholders' meeting, within 30 days before the interim shareholders' meeting, or within 5 days before dividends, bonuses or other benefits are scheduled to be paid by the company.

#### Section III Meetings of Shareholders

Article 9 Shareholders' meeting is divided into two categories; the annual shareholders' meeting is convened every year; it is convened by the Board of Directors in accordance with the law within six months after the end of each fiscal year. The interim shareholders' meeting may be convened in accordance with the law when deemed necessary.

Article 9-1 When the Company's shareholders' meeting is held, it may be held by video conference or other methods announced by MOEA.

Article 10 In case the shareholder is unable to attend the Shareholders meeting, the shareholder may appoint a proxy to attend the meeting by presenting a proxy document with a signature or seal and stating therein the scope of power authorized to the proxy.

Unless otherwise provided in the relevant regulation, the shareholders' appointment of proxies to attend the meeting shall follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the Competent Authority.

Article 10-1 Shareholders' meetings are to be convened by the board of directors. The Chairman of the Board shall chair shareholders' meetings. If the Chairman is unable to attend, the Chairman may appoint one of the Directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the Directors.  
For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 11 The shareholders of the Company shall be entitled to one vote for each share. There is no voting right on the restricted stock or stock under Article 179 of Company Law.

Article 12 Shareholders' Meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the Meeting with the concurrence of a majority of the votes held by shareholders present at the Meeting. The Company may withdraw from public offering upon shareholder approval at the Meeting.

Article 12-1 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be made in accordance with Article 183 of the Company Act.

#### Section IV. Directors

Article 13 The Company shall have eight to ten directors whose term of office is three years. The Company adopts the candidate nomination system for the election of directors. Directors are elected from among the nominees listed in the roster of director candidates at a shareholders meeting. The directors are eligible for re-election.

In the board, the number of independent directors shall be no less than three and no less than one-fifth of the total number of directors.

The nomination of directors and related announcements shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent and nonindependent directors shall be held together; however, the number of independent and non-independent directors elected shall be calculated separately.

Article 13-1 When one-third or more of the Directors are vacated or the independent directors are dismissed en masse, the board of directors shall, within sixty (60) days, convene an interim shareholders meeting to elect Directors to fill the vacancies for the remaining term of their predecessors.

Article 13-2 Meetings of the Board shall be convened upon written notice mailed, e-mailed, or faxed to all directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and the agenda.

Article 13-3 In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of the Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

Article 14 The board of directors shall be formed by directors. The directors shall elect from among themselves a chairman by majority approval in a meeting attended by over two-thirds of the directors.

The chairman internally presides over the shareholders meeting and the board of directors, and externally represents the Company.

Article 15 When the Chairman takes leave or fails to exercise his or her authority, his/her proxy shall comply with Article 208 of the Company Act.

Article 15-1 For every resolution for which a vote is required, unless otherwise specified in the Company Act, the resolutions of the Board shall be adopted by a

majority vote of those Directors present at a meeting attended by a majority of all Directors.

Attendance via tele- or video conference is deemed as attendance in person. If attendance in person is not possible, they may appoint another director to attend as their proxy. His/her proxy shall comply with Article 205 of the Company Act.

Article 16 The directors' remuneration is authorized to be decided by the board of directors based on the directors' degree of involvement and contribution to the Company's business operation. Regardless of operating profits or losses, the compensation shall be paid according to the industry standard.

Article 16-1 The Company shall indemnify its directors by reason of the fact that he or she is or was a director of the Company. The Company shall purchase insurance on behalf of its directors.

#### Section V. Managers

Article 17 The Company shall appoint a manager whose appointment, discharge, and remuneration shall be in accordance with the provisions in Article 29 of the Company Act.

#### VI. Accounting

Article 18 At the end of each fiscal year, the board of directors shall have the following documents prepared and submitted to the shareholders meeting for approval.

1. Business report
2. Financial statements
3. Proposal for distribution of earnings or offset of losses.

Article 19 If the company makes a profit for the year, it shall allocate 10% as employee compensation. The board of directors decides to pay in stocks or cash. The recipients may include subordinate employees who meet certain conditions. The amount of profit that the company is able to open up is determined by the board of directors to approve directors' remuneration not higher than 2%. Employee compensation and Directors' remuneration shall be reported to the shareholders' meeting.

However, when the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate employee compensation and directors' remuneration in proportion to the preceding paragraph.

Article 19-1 In the event of surplus earnings after closing annual accounts, due taxes shall be paid per the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remaining surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board

of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with accumulated undistributed earnings for profits to shareholders' meeting for resolution on the distribution of shareholders' dividend and bonus.

The company's dividend policy is based on the capital, financial structure, overall environment and industrial growth characteristics of the current year to achieve the company's goal of sustainable operation and stable business performance. Therefore, the company's dividend distribution is reserved by the board of directors according to operational needs. Distributed at a rate not exceeding 90% of the company's distributable earnings. According to the future capital expenditure budget and capital needs, the company's dividends are distributed in two ways: stock dividends (including surplus capital increase, capital reserve capital increase) and cash dividends. The cash dividends shall not be less than 5% of the total dividends.

#### VII. Supplementary Provisions

Article 20 In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.

Article 21 These Articles of Incorporation were enacted on February 29, 2000.

The 1st amendment was made on May 12, 2000.

The 2nd amendment was made on December 4, 2001.

The 3rd amendment was made on January 12, 2002.

The 4th amendment was made on May 25, 2002.

The 5th amendment was made on October 12, 2002.

The 6th amendment was made on November 11, 2003.

The 7th amendment was made on May 7, 2005.

The 8th amendment was made on July 25, 2005.

The 9th amendment was made on April 28, 2006.

The 10th amendment was made on April 28, 2006.

The 11th amendment was made on January 19, 2007.

The 12th amendment was made on November 8, 2007.

The 13th amendment was made on June 13, 2008.

The 14th amendment was made on June 13, 2008.

The 15th amendment was made on June 16, 2009.

The 16th amendment was made on September 23, 2009.

The 17th amendment was made on September 23, 2009.

The 18th amendment was made on June 15, 2012.

The 19th amendment was made on June 24, 2016.

The 20th amendment was made on May 30, 2018.

The 21st amendment was made on June 12, 2019.

The 22nd amendment was made on August 26, 2021.

The 23rd amendment was made on June 24, 2022.

**Favite, Inc.**

**“Rules of Procedure for Shareholders Meetings”**

**(Translation)**

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
- This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the regular shareholders meeting date or 15 days before the date of the special shareholders meeting. If, however, this Corporation has a paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or the total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders 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 this Corporation and the professional shareholder services agent designated thereby.
- This Corporation 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 shareholders meeting:
1. For physical shareholders meetings, to be distributed on-site at the meeting.

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

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

Election or dismissal of directors, 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 shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where the re-election of all directors and their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after 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 this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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 shareholders meeting is held, this Corporation 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 shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation 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 shareholders meeting, the board of directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation 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 shareholders meeting, and shall deliver the proxy form to this Corporation five days before the date of the shareholders 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 this Corporation, 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 this Corporation 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 this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation 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 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to 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 this Corporation convenes a virtual-only shareholders meeting.

Article 6 This Corporation shall specify in its shareholders 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 should be assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation 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. This Corporation 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.

This Corporation 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, 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 shareholders meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

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

In the event of a virtual shareholders meeting, this Corporation 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

To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders 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:
  - A. 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.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders 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 shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders 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.
  - D. Actions to be taken if the outcome of all proposals has been announced and an extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

- Article 7 If a shareholders 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 is also on leave or for any reason is 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 understands the company's financial and business conditions. The same shall be true for a representative of a juristic person director that serves as chair.
- It is advisable that shareholders 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 independent director) 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 shareholders meeting is convened by a party with the power to convene but is not on 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.
- This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 8 The company shall make an uninterrupted audio and video recording of the whole process of the shareholders meeting and the recorded materials shall be retained for at least 1 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 shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, 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 this Corporation 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 case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
- Article 9 Attendance at shareholders meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated

according to the shares indicated by the attendance book and sign-in cards handed in, the shares checked in on the virtual meeting platform, and 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 the number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements may be made for a combined total of no more than one hour. 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 shareholders meeting, this Corporation 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 shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6. When, prior to the 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 shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders 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 shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders 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 shareholders 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 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

Before speaking, an attending shareholder must specify the subject of the speech on a speaker's slip, 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 shareholders 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 shareholders 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 declares 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 the questions so raised per the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, the questions should be disclosed to the public at the virtual meeting platform.

Article 12

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

With respect to resolutions of shareholders 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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be 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 a 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 or deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the 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 shareholders 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 this Corporation 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 this Corporation two days before the date of the shareholders 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 shareholders 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 this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders 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 shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and this Corporation'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 number 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 it 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 this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders 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 this Corporation convenes a virtual shareholders 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 shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and the results of votes and elections shall be announced immediately.

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

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders 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 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors.

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 shareholders 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. This Corporation 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. The minutes shall be retained for the duration of the existence of this Corporation.

Where a virtual shareholders 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 shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of a 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, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16 On the day of a shareholders meeting, this Corporation 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 shareholders meeting. In the event of a virtual shareholders meeting, this Corporation 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.

When the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform during this Corporation's virtual shareholders meeting. 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 shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 17

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 shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

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 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 shareholders meeting may adopt a resolution to resume the meeting at another venue.

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

Article 19 In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and elections immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare their location address when the meeting is called to order.

Article 21 In the event of a virtual shareholders meeting, this Corporation 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 shareholders 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 shareholders 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 shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders 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 shareholders 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 a list of elected directors.

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

Under the circumstances where a meeting should 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 shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders 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 periods 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, this Corporation shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties attending a virtual shareholders meeting online.

Article 23 These Rules shall take effect after being submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules of Procedure for Shareholders Meetings were enacted on June 24, 2022.

**Favite, Inc.****Shareholding and Minimum Number of Shares Required to be held by Directors**

Position	Name	Date Elected	Shares	Shareholding Ratio (%)
Chairman	CHEN, YUNG-HUA	2022.06.24	2,220,813	2.81%
Director	Utechzone Co., Ltd. Representative: CHANG, WEN CHIEH	2022.06.24	11,379,272	14.39%
Director	Utechzone Co., Ltd. Representative: LIN, FANG LUNG	2022.06.24		
Director	YEH, SHENG-FA	2022.06.24	300,000	0.38%
Director	LIN, HUNG-JEN	2022.06.24	1,040,000	1.32%
Independent Director	TSENG, HSIANG CHI	2022.06.24	0	0.00%
Independent Director	LEE, SHIH-CHENG	2022.06.24	0	0.00%
Independent Director	SHEN, HIS WEN	2022.06.24	0	0.00%
Independent Director	LO, CHIH-PING	2022.06.24	0	0.00%
Total			14,940,085	18.90%

Note 1: Total shares issued as of March 31, 2023: 79,052,356 common shares.

Note 2: The Company's Directors are required by the law to hold in the aggregate not less than 6,324,188 shares. The number of shares held by directors has reached legal standards.