



## **Microelectronics Technology Inc.**

# **2023 Annual Shareholders' Meeting Handbook**

**(Translation)**

**June 15, 2023**

*Disclaimer: This is translation of the handbook for the annual shareholders' meeting of MTI and is intended solely for reference. MTI hereby disclaims any and all liabilities whatsoever for the translation. In event of discrepancies, the Chinese version shall prevail.*



## Table of Contents

### 1. Meeting Procedure & Agenda

(1) Report Items .....	2
(2) Ratification and Discussion Items .....	3
(3) Proposed Resolutions .....	4
(4) Impromptu Motions .....	4

### 2. Attachment

(1) The 2022 Business Report .....	6
(2) The 2022 Audit Committee's Review Report .....	9
(3) Status of Business Improvement Plan Report .....	10
(4) Report on 2022 Remuneration to Directors .....	11
(5) Independent Auditors' Report and 2022 Consolidated Financial Reports .....	12
(6) Independent Auditors' Report and 2022 Parent Company Only Financial Report .....	23
(7) Comparison Table for the "Article of Incorporation" Before and After Revision .....	35

### 3. Appendix

(1) Rules of Procedure of Shareholders Meetings .....	39
(2) Articles of Incorporation (Before the Amendments) .....	42
(3) Shareholdings of All Directors .....	48



## **Microelectronics Technology Inc.**

### **2023 Annual Shareholders' Meeting Agenda**

Time: 9:00 a.m., June 15, 2023 (Thursday)

Venue: Microelectronics Technology Inc., No. 1, Innovation Road II, Hsinchu Science Park,  
Hsinchu City, Taiwan R.O.C.

Held by means of: Physical Shareholders' Meeting

1. Call meeting to order
2. Opening address by the Chairman
3. Report Items
  - (1) 2022 Business Report
  - (2) 2022 Audit Committee's Review Report
  - (3) Status of Business Improvement Plan Report
  - (4) Report on 2022 Remuneration to Directors
4. Ratification and Discussion Items
  - (1) Adoption of the 2022 Business Report and Financial Statements
  - (2) The Proposal of the 2022 Loss Appropriation
5. Proposed Resolutions  
Amendment to the Company's "Article of Incorporation"
6. Impromptu Motions
7. Meeting Adjourned



## **Report Items**

### **Subject 1: 2022 Business Report**

Explanation: 2022 Business Report is attached on page 6~8, Attachment 1.

### **Subject 2: 2022 Audit Committee's Review Report**

Explanation: 2022 Audit Committee's Review Report is attached on page 9, Attachment 2.

### **Subject 3: Status of Business Improvement Plan Report**

Explanation: Status of Business Improvement Plan Report is attached on page 10, Attachment 3.

### **Subject 4: Report on 2022 Remuneration to Directors**

Explanation: The remuneration to the Directors is fixed. According to the Article 16 of Articles of Incorporation of the Company, the remuneration to the Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry.

According to the Article 25 of Articles of Incorporation of the Company, the Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.

According to the Article 9 of "Procedures for Performance Evaluation of Board of Directors Meeting", the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

Evaluation methods including: Participation in the operation of the company, Improvement of the quality of the board of directors' decision making, Election and continuing education of the directors etc.

Report on 2022 Remuneration to Directors is attached on page 11, Attachment 4.



## **Ratification and Discussion Items**

### **Subject 1: The 2022 business report and financial statements (Proposed by the Board of Directors)**

Explanation: (1) MTI's 2022 financial statements, including the balance sheet, statements of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by the certificated public accountants, Mr. Daniel Lee and Ms. Chien-Yu Liu, PwC.

(2) The 2022 business report, auditors' report and the aforementioned financial statements are attached on to page 6~8 and 12~34, Attachment 1 and 5&6.

Resolution:

### **Subject 2: The proposal of the 2022 loss appropriation (Proposed by the Board of Directors)**

Explanation: (1) MTI's net loss after tax for the 2022 fiscal year was NT\$486,411,129. The 2022 loss appropriation was provided as below:

Unit: NTD	
Item	Amount
Beginning Accumulated Deficit	(558,306,930)
Plus	
Net loss of 2022	(486,411,129)
Re-measurement of defined benefit obligation	35,541,927
Deficit yet to be compensated, end of period	(1,009,176,132)

(2) The subject has been approved by the BoD on March 8, 2023.

Resolution:



## **Proposed Resolutions**

### **Subject 1: The amendments to the Company's "Articles of Incorporation" (Proposed by the Board of Directors)**

Explanation: (1) In accordance with Company Act in Article #18 paragraph 3, the business scope of the Corporation shall be registered in accordance with the business item code table set by the MOEA.

(2) The comparison table for the "Articles of Incorporation" before and after revision is attached on page 35~37, Attachment 7.

Resolution:

## **Impromptu Motions**

## **Meeting Adjourned**



## Attachment



## Attachment 1

### Microelectronics Technology Inc.

#### 2022 Business Report

Dear Shareholders:

The COVID-19 pandemic gradually unblocked with the popularization of vaccines in 2022. The shortage of key IC materials also gradually eased after the second half of the year, but inflation led to higher interest rate policies in various countries, which increased the operating costs of various companies significantly. Under the severe operating environment, the Company's 2022 consolidated sales revenue was NT\$4.48 billion, growth 14% compared to last year consolidated revenue NT\$3.93 billion, the gross profit ratio was 14%, growth 1% compared 2021 margin 13%, the consolidated net loss was NT\$486 million, and the net loss per share was NT\$2.06.

Thanks to the support of all shareholders, the Company has successfully completed a cash injection of NT\$520 million in the first quarter of 2022. The Company has shipped ORAN RRH to European customer in second half in 2022, got approved SAT and shipped in first quarter 2023. The Company will continue to uphold the spirit of prudence and conscientiousness to welcome the growth momentum and reach profit target that comes with the arrival of the 5G era.

#### Grasp of trends

The demand for fast and stable infrastructure networks will grow rapidly due to the continuing development of AR/VR devices, cloud computing, encrypted currency, and robot. ORAN and Low-Earth-Orbit satellites will be the emerging products with great potential in the future while facing the changes in current trends and the introduction of 5G services by many countries.

Satellite communication is considered one of the best solutions to the insufficient coverage of mobile communication. Low-Earth-Orbit satellite (LEO Satellite) is a better solution in terms of launch cost, signal transmission energy consumption, and transmission delay; therefore, market leaders have invested in this field successively. The Company has been in the satellite field for years and is actively engaged in the technology and customer development of low-orbit satellite terminal equipment. The company has cooperated with market leaders to grasp this important business opportunity.

## **Pursuing growth**

The Company has continued to invest in the R&D teams in the United States and Denmark and has a Radio Unit (RU) with low cost and low energy consumption that conforms to the 3GPP and ORAN Alliance specifications developed with the in-house technology. The Company became a member of the Open RAN Alliance in 2019 and participated in the Evenstar project of the Telecom Infra Project (TIP) initiated by Facebook. The Company's 4X40W FDD B3 product is the first TIP-approved standardized product. Regarding the actual operating results, the Company has already shipped batched for European customer, and as for the Company received purchase orders for Radio Unit equipment from renowned telecommunications operators in the United States will be shipped out this year. At the same time, NEC has signed a strategic alliance with the Company to enter the ORAN 5G market which is full of business opportunities. In terms of products, the Company has over 10 products ready for commercial purposes that are currently under testing by more than 10 customers. In summary, ORAN products already has stable operating contribution and are expected to make a huge contribution to the Company's operating revenue in 2023.

In addition to the development results of the ORAN products as stated in the preceding paragraph, the development of Low-Earth-Orbit satellite terminal equipment products is the key investment project of the Company. The Company has successively signed product development contracts with major LEO customers for joint development of LEO signal transceivers and arrays antennas products, with several products verified by the customers and a small production initiated. The LEO-related product is expected to be another company's growth driver in the future.

## **Create advantage**

The effort in research and development and continuous innovation is the undying philosophy and core competitiveness of the Company. The Group had a total of 77 invention/new patents received and 11 invention patents pending by the end of 2022, including new technologies applied to satellite products and RF transmitters.

## **Sustainable Development**

The Company has establish an exclusively dedicated unit - Sustainable Development Committee led by CEO to be in charge of proposing and enforcing the corporate governance, environmental protection and energy saving, innovative technology and social responsibility, etc.. The Company is also performed well in corporate governance and is ranked in the 6% to 20% percentile among the



listed companies at the 8th corporate governance evaluation. The Company's continuous efforts in corporate governance is recognized and affirmed by the public.

## Prospect

In the prospect of 2023, the Company will take advantage of the benefits of the changing lifestyle of people to develop communication products, and observe the impact of the changing global situation on the Company's operations. The Company will face up to various challenges with a prudent, optimistic, and proactive attitude continuously, focus on the core values of the main business, continue to invest in R&D, and increase production efficiency in order to master the Open Radio Access Network (ORAN) and Low-Earth-Orbit satellites business opportunities with a hope to create greater value for shareholders. I would like to thank all shareholders for the continuous support and care extended to the Company. Thank you very much!

Wishing you all health and prosperity!

Chairman                      Chi-Chia Hsieh

President                      Eugene Wu

Accounting Officer      Sean Yu



## 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 losses covering. The CPAs, Daniel Lee and Chien-Yu Liu of PricewaterhouseCoopers have audited the Financial Statements and issued an audit report. The Business Report, Financial Statements, and losses covering 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. We hereby submit this report.

To Microelectronics Technology Inc. 2023 Annual Shareholder's Meeting

Microelectronics Technology Inc.

Chairman of Audit Committee: Yun Lin

March 8, 2023



## Attachment 3

# Business Improvement Plan

## 1. 2022 Operating results

The COVID-19 pandemic gradually unblocked with the popularization of vaccines in 2022. The shortage of key IC materials also gradually eased after the second half of the year, but inflation led to higher interest rate policies in various countries, which increased the operating costs of various companies significantly. Under the severe operating environment, the Company's 2022 consolidated sales revenue was NT\$4.48 billion, growth 14% compared to last year consolidated revenue NT\$3.93 billion, the gross profit ratio was 14%, growth 1% compared 2021 margin 13%, the consolidated net loss was NT\$486 million, and the net loss per share was NT\$2.06.

## 2. Operating target and plan

To improve the company's financial structure and improve profitability, the Company focus on improving product portfolio ( increasing the proportion of ORAN product, and the profitability of core products), continuing operation improvement for 2023 operating plan with returning to profitability.

1. Take the ORAN and LEO market booming opportunities in the future, develop new customers and markets to increase revenue and profits
2. Provide customers with high-quality products and services
3. Establish long-term cooperative relationship with strategic partners to solve the shortage of supply chain and create a win-win strategy

## 3. Implement measure

In order to control the progress and results of the implementation of the operation plan, the above directions/ focus will be incorporated into the company's 2023 business plan, and the implementation results will be reported to the board of directors quarterly, and improvement measures will be proposed in a timely manner to ensure the achievement of operational goals.

Attachment 4



The 2022 Remuneration to the Directors Report

2022.12.31

Unit: NT\$ Thousands

Title	Name	Director Fee				The sum of A + B + C + D in proportion to net income(%)				Remuneration in the capacity as employees				The sum of A + B + C + D + E + F + G in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries	
		Remuneration (A)		Pension and severance payment (B)		Director fee (C)		Professional subsidy (D)		Salaries, bonus, and special allowance(E)		Pension and severance payment (F)(Note 1)		Remuneration to Employees (G)			
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	Cash	Stocks	From MTI	All companies included in the financial statements		
Chairman	Allen Yen (Note 2)	-	-	-	-	-	-	-	1,848	1,848	-	-	-	-	1,848	1,848	None
Director	Chi Hsieh	-	-	-	-	-	-	-	4,922	4,922	-	-	-	-	4,922	4,922	None
Director	Eugene Wu	-	-	-	-	-	-	-	4,622	4,622	190	-	-	-	4,812	4,812	None
Director	Roger Wu (Note 3, 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Kuoliang Ho (Note 3, 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Gwong-Yih Lee (Note 3, 5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Hank Hsieh (Note 3, 5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Yun Lin	570	570	-	-	-	-	-	-	-	-	-	-	-	570	570	None
Independent Director	Golub Drakulovic	1,202	1,202	-	-	-	-	-	-	-	-	-	-	-	1,202	1,202	None
Independent Director	Jong Wang	450	450	-	-	-	-	-	-	-	-	-	-	-	450	450	None

1) According to the Articles of Incorporation of the Company, the remuneration to the Independent Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry. In addition, the Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.

2) Other than disclosure in the above table, Directors remunerations earned by providing services for all of the companies listed in the financial reports (e.g. providing consulting services as a non-employee): None.

Note 1: The pension for retirement covers the old and new systems of retirement.

Note 3: Representative of CyberTAN Technology Inc.

Note 5: The on-board date of directors was on May 3, 2022.

Note 2: Chairman, Allen Yen passed away and discharged on March 24, 2022.

Note 4: Roger Wu discharged on May 3, 2022, and Kuoliang Ho discharged on June 14, 2022.



## Attachment 5

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICROELECTRONICS TECHNOLOGY, INC.

#### ***Opinion***

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

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

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

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

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

#### **Intangible assets - assessment of goodwill impairment**

##### Description

As of December 31, 2022, goodwill amounted to NT\$276,909 thousand. The group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. Please refer to Notes 4(11), 5(2) and 6(10) for details. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, it has been identified as a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Assessed the valuation model has been properly adopted.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects. Compared the financial forecast for the future cash flows are in agreement with the budget of the Group.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and compared with historical data, economic and industry forecast. Evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.



## **Allowance for inventory valuation losses**

### Description

As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses amounted to NT\$2,415,489 thousand and NT\$76,839 thousand, respectively. Please refer to Notes 4(13), 5(1) and 6(6) for details. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses.

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of Microelectronics Technology Inc. as at and for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the



Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



effectiveness of the Group's internal control.

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

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

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



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

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Li, Tien-Yi

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Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

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

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



MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,124,401	17	\$ 1,138,191	17
1110	Financial assets at fair value through profit or loss - current	6(2)	3,227	-	490	-
1136	Current financial assets at amortised cost	6(4) and 8	34,676	1	26,580	-
1150	Notes receivable	6(5)	663	-	14,013	-
1170	Accounts receivable, net	6(5)	885,000	14	1,100,349	17
1180	Accounts receivable - related parties	6(5) and 7	26,760	-	32,276	1
1200	Other receivables		18,351	-	36,847	1
1210	Other receivables - related parties	7	239	-	136	-
130X	Inventories	6(6)	2,338,650	36	2,156,275	33
1410	Prepayments		69,822	1	58,373	1
11XX	<b>Total current assets</b>		<u>4,501,789</u>	<u>69</u>	<u>4,563,530</u>	<u>70</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	55,626	1	28,906	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	108,109	1	114,588	2
1600	Property, plant and equipment	6(7)	657,372	10	573,940	9
1755	Right-of-use assets	6(8) and 7	441,732	7	477,613	7
1780	Intangible assets	6(9)(10)	313,755	5	298,072	5
1840	Deferred income tax assets	6(29)	440,882	7	482,106	7
1900	Other non-current assets	7	21,785	-	13,595	-
15XX	<b>Total non-current assets</b>		<u>2,039,261</u>	<u>31</u>	<u>1,988,820</u>	<u>30</u>
1XXX	<b>Total Assets</b>		<u>\$ 6,541,050</u>	<u>100</u>	<u>\$ 6,552,350</u>	<u>100</u>

(Continued)

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current Liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 1,558,915	24	\$ 1,547,656	24
2120	Financial liabilities at fair value through profit or loss - current	6(12)	220	-	-	-
2130	Current contract liabilities	6(22)	46,168	1	7,597	-
2170	Accounts payable		943,004	14	1,125,330	17
2180	Accounts payable - related parties	7	4,687	-	1,460	-
2200	Other payables	6(13)	322,276	5	347,178	5
2230	Current income tax liabilities		678	-	1,536	-
2250	Provisions for liabilities - current	6(17)	19,831	-	49,707	1
2280	Current lease liabilities	7	93,462	1	61,294	1
2320	Long-term liabilities, current portion	6(14)	301,312	5	128,543	2
2399	Other current liabilities		35,071	1	11,169	-
21XX	<b>Total current liabilities</b>		<u>3,325,624</u>	<u>51</u>	<u>3,281,470</u>	<u>50</u>
<b>Non-current liabilities</b>						
2540	Long-term loans	6(14)	569,153	9	628,437	9
2550	Provisions for liabilities - non-current	6(17)	8,187	-	1,887	-
2570	Deferred income tax liabilities	6(29)	90,825	1	109,468	2
2580	Non-current lease liabilities	7	367,750	6	397,882	6
2600	Other non-current liabilities	6(15)	101,907	1	170,840	3
25XX	<b>Total non-current liabilities</b>		<u>1,137,822</u>	<u>17</u>	<u>1,308,514</u>	<u>20</u>
2XXX	<b>Total Liabilities</b>		<u>4,463,446</u>	<u>68</u>	<u>4,589,984</u>	<u>70</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital-common stock	6(18)	2,380,283	36	2,280,283	35
Capital Reserves						
3200	Capital surplus	6(19)	830,132	13	402,937	6
Retained Earnings						
3310	Legal reserve	6(20)	24,972	-	24,972	-
3320	Special reserve		193,426	3	193,426	3
3350	Accumulated deficit		( 1,009,176)	( 15)	( 558,307)	( 8)
Other Equity Interest						
3400	Other equity interest	6(21)	( 342,033)	( 5)	( 380,945)	( 6)
31XX	<b>Equity attributable to owners of the parent</b>		<u>2,077,604</u>	<u>32</u>	<u>1,962,366</u>	<u>30</u>
3XXX	<b>Total equity</b>		<u>2,077,604</u>	<u>32</u>	<u>1,962,366</u>	<u>30</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 6,541,050</u>	<u>100</u>	<u>\$ 6,552,350</u>	<u>100</u>

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22)	\$ 4,482,301	100	\$ 3,929,852	100
5000	Operating costs	6(6)	( 3,852,993)	( 86)	( 3,414,680)	( 87)
5900	Gross profit		629,308	14	515,172	13
	Operating expenses	6(27)(28)				
6100	Selling expenses		( 160,882)	( 4)	( 150,219)	( 4)
6200	General and administrative expenses		( 150,319)	( 3)	( 127,405)	( 3)
6300	Research and development expenses		( 731,186)	( 16)	( 701,953)	( 18)
6450	Gain on reversal of expected credit impairment		( 5,660)	-	( 10,757)	-
6000	Total operating expenses		( 1,048,047)	( 23)	( 990,334)	( 25)
6900	Operating loss		( 418,739)	( 9)	( 475,162)	( 12)
	Non-operating income and expenses					
7100	Interest income	6(23)	4,481	-	3,926	-
7010	Other income	6(24)	9,642	-	18,970	1
7020	Other gains and losses	6(25)	( 12,884)	-	14,098	-
7050	Finance costs	6(26)	( 48,609)	( 1)	( 20,240)	( 1)
7000	Total non-operating income and expenses		( 47,370)	( 1)	16,754	-
7900	<b>Loss before income tax</b>		( 466,109)	( 10)	( 458,408)	( 12)
7950	Income tax benefit (expense)	6(29)	( 20,302)	( 1)	8,392	-
8200	<b>Loss for the year</b>		<u>( \$ 486,411)</u>	<u>( 11)</u>	<u>( \$ 450,016)</u>	<u>( 12)</u>
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>					
8311	Losses on remeasurements of defined benefit plans	6(15)	\$ 35,542	1	\$ 9,045	-
8316	Unrealised loss from financial assets measured at fair value through other comprehensive income	6(3)(21)	( 16,543)	-	3,102	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Currency translation differences of foreign operations	6(21)	69,319	1	( 24,119)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(29)	( 13,864)	-	4,824	-
8300	<b>Total other comprehensive income (loss) for the year</b>		<u>\$ 74,454</u>	<u>2</u>	<u>( \$ 7,148)</u>	<u>-</u>
8500	<b>Total comprehensive loss for the year</b>		<u>( \$ 411,957)</u>	<u>( 9)</u>	<u>( \$ 457,164)</u>	<u>( 12)</u>
	Loss attributable to:					
8610	Owners of the parent		( \$ 486,411)	( 11)	( \$ 450,016)	( 12)
	Comprehensive loss attributable to:					
8710	Owners of the parent		( \$ 411,957)	( 9)	( \$ 457,164)	( 12)
	Loss per share ( in dollars )	6(30)				
9750	Basic		( \$ 2.06)		( \$ 1.97)	
9850	Diluted		( \$ 2.06)		( \$ 1.97)	

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



MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							Total equity
	Share capital- common stock	Capital surplus, additional paid- in capital	Legal reserve	Special reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Other equity interest Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2021</u>								
Balance at January 1, 2021	\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 117,336)	(\$ 110,123)	(\$ 254,629)	\$ 2,419,530
Loss for the year	-	-	-	-	( 450,016)	-	-	( 450,016)
Other comprehensive (loss) income for the year	-	-	-	-	9,045	( 19,295)	3,102	( 7,148)
Total comprehensive (loss) income	-	-	-	-	( 440,971)	( 19,295)	3,102	( 457,164)
Balance at December 31, 2021	\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
<u>2022</u>								
Balance at January 1, 2022	\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
Loss for the year	-	-	-	-	( 486,411)	-	-	( 486,411)
Other comprehensive income (loss) for the year	-	-	-	-	35,542	55,455	( 16,543)	74,454
Total comprehensive (loss) income	-	-	-	-	( 450,869)	55,455	( 16,543)	( 411,957)
Cash capital increase	100,000	418,700	-	-	-	-	-	518,700
Share-based payment transactions	-	8,495	-	-	-	-	-	8,495
Balance at December 31, 2022	\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604

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



MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		( \$ 466,109 )	( \$ 458,408 )
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on expected credit impairment		5,660	10,757
Depreciation	6(7)(8)(27)	182,189	158,652
Amortization	6(9)(27)	35,036	34,013
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(25)	7,874	( 4,380 )
Net loss (gain) on financial liabilities at fair value through profit or loss	6(12)(25)	220	( 876 )
Interest income	6(23)	( 4,481 )	( 3,926 )
Dividend income	6(24)	( 97 )	( 130 )
Interest expense	6(26)	48,609	20,240
Compensation cost of share-based payment	6(16)	8,495	-
Gain on disposal of property, plant and equipment	6(25)	( 292 )	( 548 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		13,351	( 9,932 )
Accounts receivable		213,251	( 183,238 )
Accounts receivable-related parties		26,188	-
Other receivables		18,878	874
Inventories		( 167,517 )	( 1,145,086 )
Prepayments		( 10,086 )	15,785
Changes in operating liabilities			
Accounts payable		( 186,724 )	270,717
Accounts payable-related parties		( 4,266 )	-
Other payables		( 57,371 )	714
Provisions for liabilities		21,381	( 2,777 )
Contract liabilities-current		38,571	( 73,436 )
Other current liabilities		20,302	( 8,417 )
Accrued pension liabilities		( 33,159 )	( 15,600 )
Cash outflow generated from operations		( 290,097 )	( 1,395,002 )
Interest received		4,514	4,223
Dividend received		97	130
Interest paid		( 41,924 )	( 20,092 )
Income taxes paid		( 51,899 )	( 8,814 )
Net cash flows used in operating activities		( 379,309 )	( 1,419,555 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost		( 5,055 )	( 74 )
Acquisition of financial assets at fair value through profit or loss		( 33,346 )	( 20,032 )
Acquisition of property, plant and equipment	6(31)	( 186,999 )	( 163,740 )
Proceeds from disposal of property, plant and equipment		4,393	9,171
Acquisition of intangible assets	6(9)	( 36,412 )	( 31,706 )
Increase in guarantee deposits paid		( 200 )	( 3,951 )
Net cash flows used in investing activities		( 257,619 )	( 210,332 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(32)	3,401,969	2,781,537
Decrease in short-term borrowings	6(32)	( 3,390,957 )	( 1,601,451 )
Increase in long-term borrowings	6(32)	168,347	390,180
Decrease in long-term borrowings	6(32)	( 55,294 )	( 33,533 )
Repayment of principal portion of lease liabilities	6(32)	( 31,904 )	( 83,662 )
Cash capital increase	6(18)	518,700	-
Net cash flows from financing activities		610,861	1,453,071
Effects due to changes in exchange rate		12,277	( 9,786 )
Net decrease in cash and cash equivalents		( 13,790 )	( 186,602 )
Cash and cash equivalents at beginning of year	6(1)	1,138,191	1,324,793
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,124,401</u>	<u>\$ 1,138,191</u>

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



## Attachment 6

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Microelectronics Technology, Inc.

#### ***Opinion***

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

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

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

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in 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 Company’s 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



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

### **Intangible assets - assessment of goodwill impairment**

#### Description

As of December 31, 2022, goodwill amounted to NT\$276,909 thousand, comprising \$143,637 thousand for goodwill of the Company and \$133,272 thousand derived from the investment of subsidiaries which was included in the carrying amount of investment accounted for under equity method presented on the parent company only financial statements. For information on evaluation of goodwill impairment, please refer to Notes 4(10), 5(2) and 6(10) for details. The Company estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, it has been identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Assessed the valuation model has been properly adopted.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects. Compared the financial forecast for the future cash flows are in agreement with the budget of the Group.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and compared with historical data, economic and industry forecast. Evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.



## **Allowance for inventory valuation losses**

### Description

As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses amounted to NT\$2,124,820 thousand and NT\$59,423 thousand, respectively. Please refer to Notes 4(12), 5(2) and 6(5) for details. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory usually involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate



the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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



auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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



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

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Li, Tien-Yi

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Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

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

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



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 912,508	14	\$ 823,494	13
1110	Financial assets at fair value through profit or loss - current	6(2)	3,227	-	490	-
1150	Notes receivable	6(4)	663	-	14,013	-
1170	Accounts receivable, net	6(4)	834,302	13	1,032,852	16
1180	Accounts receivable - related parties	6(4) and 7	26,760	-	32,276	-
1200	Other receivables		1,686	-	4,217	-
1210	Other receivables - related parties	7	239	-	205	-
130X	Inventories	6(5)	2,065,397	32	1,674,985	27
1410	Prepayments		47,060	1	36,028	1
11XX	<b>Total current assets</b>		<u>3,891,842</u>	<u>60</u>	<u>3,618,560</u>	<u>57</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	12,353	-	13,671	-
1550	Investments accounted for under equity method	6(6)	1,404,798	22	1,509,143	24
1600	Property, plant and equipment	6(7)	233,326	4	177,033	3
1755	Right-of-use assets	6(8) and 7	333,083	5	388,597	6
1780	Intangible assets	6(9)	162,264	3	163,048	3
1840	Deferred income tax assets		390,571	6	430,687	7
1900	Other non-current assets	7	17,474	-	7,534	-
15XX	<b>Total non-current assets</b>		<u>2,553,869</u>	<u>40</u>	<u>2,689,713</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 6,445,711</u>	<u>100</u>	<u>\$ 6,308,273</u>	<u>100</u>

(Continued)



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 1,462,072	23	\$ 1,518,880	24
2120	Financial liabilities at fair value through profit or loss - current	6(12)	220	-	-	-
2130	Current contract liabilities	6(22)	46,080	1	7,597	-
2170	Accounts payable		667,433	10	815,902	13
2180	Accounts payable - related parties	7	354,947	5	162,449	2
2200	Other payables	6(13)	217,089	3	232,388	4
2220	Other payables - related parties	7	124,104	2	111,110	2
2250	Provisions for liabilities - current	6(16)	14,979	-	47,249	1
2280	Current lease liabilities	6(8) and 7	84,238	1	52,980	1
2320	Long-term liabilities, current portion	6(14)	301,312	5	128,543	2
2399	Other current liabilities	7	39,201	1	19,099	-
21XX	<b>Total current liabilities</b>		<u>3,311,675</u>	<u>51</u>	<u>3,096,197</u>	<u>49</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	569,153	9	628,437	10
2550	Provisions for liabilities - non-current	6(17)	8,027	-	-	-
2570	Deferred income tax liabilities		90,276	1	109,314	2
2580	Non-current lease liabilities	6(8) and 7	287,068	5	341,118	5
2600	Other non-current liabilities	6(15)	101,908	2	170,841	3
25XX	<b>Total non-current liabilities</b>		<u>1,056,432</u>	<u>17</u>	<u>1,249,710</u>	<u>20</u>
2XXX	<b>Total Liabilities</b>		<u>4,368,107</u>	<u>68</u>	<u>4,345,907</u>	<u>69</u>
<b>Equity</b>						
	Share capital	6(18)				
3110	Common stock		2,380,283	37	2,280,283	36
	Capital reserve	6(19)				
3200	Capital surplus		830,132	13	402,937	6
	Retained earnings	6(20)				
3310	Legal reserve		24,972	-	24,972	1
3320	Special reserve		193,426	3	193,426	3
3350	Accumulated deficit		( 1,009,176)	( 16)	( 558,307)	( 9)
	Other equity interest	6(21)				
3400	Other equity interest		( 342,033)	( 5)	( 380,945)	( 6)
3XXX	<b>Total equity</b>		<u>2,077,604</u>	<u>32</u>	<u>1,962,366</u>	<u>31</u>
	Significant contingent liabilities and unrecognised contract commitments	8				
	Significant events after the balance sheet date	10				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,445,711</u>	<u>100</u>	<u>\$ 6,308,273</u>	<u>100</u>

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



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7	\$ 4,406,763	100	\$ 3,606,238	100
5000 Operating costs	6(5) and 7	( 3,772,398)	( 85)	( 3,222,610)	( 89)
5900 Gross profit		<u>634,365</u>	<u>15</u>	<u>383,628</u>	<u>11</u>
Operating expenses	6(27)(28) and 7				
6100 Selling expenses		( 131,867)	( 3)	( 128,358)	( 4)
6200 General and administrative expenses		( 60,532)	( 1)	( 61,280)	( 2)
6300 Research and development expenses		( 779,037)	( 18)	( 648,522)	( 18)
6450 Loss on expected credit impairment		( 10,779)	-	( 10,757)	-
6000 Total operating expenses		<u>( 960,657)</u>	<u>( 22)</u>	<u>( 848,917)</u>	<u>( 24)</u>
6900 Operating loss		<u>( 326,292)</u>	<u>( 7)</u>	<u>( 465,289)</u>	<u>( 13)</u>
Non-operating income and expenses					
7100 Interest income	6(23)	2,436	-	778	-
7010 Other income	6(24)	13,158	-	20,446	1
7020 Other gains and losses	6(25) and 7	35,991	1	923	-
7050 Finance costs	6(26)	( 45,803)	( 1)	( 17,990)	( 1)
7070 Share of profit of associates and joint ventures accounted for under equity method	6(6)	( 158,439)	( 4)	5,116	-
7000 Total non-operating income and expenses		<u>( 152,657)</u>	<u>( 4)</u>	<u>9,273</u>	<u>-</u>
7900 <b>Loss before income tax</b>		<u>( 478,949)</u>	<u>( 11)</u>	<u>( 456,016)</u>	<u>( 13)</u>
7950 Income tax (expense) benefit		( 7,462)	-	6,000	-
8200 <b>Loss for the year</b>		<u>(\$ 486,411)</u>	<u>( 11)</u>	<u>(\$ 450,016)</u>	<u>( 13)</u>
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>					
8311 Losses on remeasurements of defined benefit plans	6(15)	\$ 35,542	1	\$ 9,045	1
8316 Unrealised loss from financial assets measured at fair value through other comprehensive income	6(3)(21)	( 1,318)	-	5,011	-
8330 Share of other comprehensive loss of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)(21)	( 15,225)	-	( 1,909)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8380 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(21)	69,319	1	( 24,119)	1
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)	( 13,864)	-	4,824	-
8300 <b>Total other comprehensive income (loss) for the year</b>		<u>\$ 74,454</u>	<u>2</u>	<u>(\$ 7,148)</u>	<u>2</u>
8500 <b>Total comprehensive loss for the year</b>		<u>(\$ 411,957)</u>	<u>( 9)</u>	<u>(\$ 457,164)</u>	<u>( 11)</u>
Loss per share ( in dollars )					
9750 Basic		<u>(\$ 2.06)</u>		<u>(\$ 1.97)</u>	
9850 Diluted		<u>(\$ 2.06)</u>		<u>(\$ 1.97)</u>	

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



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest			Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2021</u>									
Balance at January 1, 2021		\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 117,336)	(\$ 110,123)	(\$ 254,629)	\$ 2,419,530
Loss for the year		-	-	-	-	( 450,016)	-	-	( 450,016)
Other comprehensive income (loss) for the year	6(3)(21)	-	-	-	-	9,045	( 19,295)	3,102	( 7,148)
Total comprehensive (loss) income		-	-	-	-	( 440,971)	( 19,295)	3,102	( 457,164)
Balance at December 31, 2021		\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
<u>2022</u>									
Balance at January 1, 2022		\$ 2,280,283	\$ 402,937	\$ 24,972	\$ 193,426	(\$ 558,307)	(\$ 129,418)	(\$ 251,527)	\$ 1,962,366
Loss for the year		-	-	-	-	( 486,411)	-	-	( 486,411)
Other comprehensive income (loss) for the year	6(3)(21)	-	-	-	-	35,542	55,455	( 16,543)	74,454
Total comprehensive (loss) income		-	-	-	-	( 450,869)	55,455	( 16,543)	( 411,957)
Cash capital increase	6(18)	100,000	418,700	-	-	-	-	-	518,700
Share-based payment transactions	6(16)	-	8,495	-	-	-	-	-	8,495
Balance at December 31, 2022		\$ 2,380,283	\$ 830,132	\$ 24,972	\$ 193,426	(\$ 1,009,176)	(\$ 73,963)	(\$ 268,070)	\$ 2,077,604

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



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 478,949 )	(\$ 456,016 )
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on expected credit impairment		( 10,779 )	10,757
Depreciation	6(7)(8)(27)	107,559	92,339
Amortization	6(9)(27)	19,624	20,079
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	( 2,400 )	2,038
Net loss (gain) on financial liabilities at fair value through profit or loss	6(24)	220 (	876 )
Interest income	6(22)	( 2,436 ) (	778 )
Dividend income	6(23)	( 97 ) (	130 )
Interest expense	6(25)	45,803	17,990
Compensation cost of share-based payment	6(15)	8,495	-
Loss (gain) on disposal of property, plant and equipment	6(24)	50 (	20 )
Share of profit of associates accounted for under the equity method	6(6)	158,439 (	5,116 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		13,351 (	9,932 )
Accounts receivable		209,328 (	218,776 )
Accounts receivable - related parties		5,516	36,786
Other receivables		2,535	14,100
Other receivables - related parties		( 34 )	135
Inventories		( 390,412 ) (	865,119 )
Prepayments		( 11,032 )	15,730
Changes in operating liabilities			
Accounts payable		( 148,469 )	204,787
Accounts payable - related parties		192,498 (	79,690 )
Other current liabilities		20,302 (	8,419 )
Provisions for liabilities		20,775	342
Contract liabilities		38,483 (	73,436 )
Other payables		( 25,586 ) (	10,709 )
Other payables - related parties		12,994	65,422
Accrued pension liabilities		( 33,159 ) (	15,600 )
Cash outflow generated from operations		( 247,381 ) (	1,264,112 )
Interest received		2,432	789
Dividend received		97	130
Interest paid		( 39,569 ) (	17,811 )
Income tax paid		( 45,266 )	-
Net cash flows used in operating activities		( 329,687 )	( 1,281,004 )

(Continued)



MICROELECTRONICS TECHNOLOGY, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(31)	(\$ 117,885 )	(\$ 105,227 )
Proceeds from disposal of property, plant and equipment		3,610	142
Acquisition of intangible assets	6(9)	( 18,840 )	( 17,018 )
Increase in guarantee deposits paid		-	( 3,793 )
Proceeds from disposal of financial assets measured at fair value through profit or loss		( 337 )	-
Net cash flows used in investing activities		( 133,452 )	( 125,896 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	3,136,402	2,679,475
Decrease in short-term borrowings	6(31)	( 3,193,210 )	( 1,458,188 )
Increase in long-term borrowings	6(31)	168,347	390,180
Decrease in long-term borrowings		( 55,294 )	( 33,533 )
Repayments of principal portion of lease liabilities	6(31)	( 22,792 )	( 74,637 )
Cash capital increase	6(17)	518,700	-
Net cash flows from financing activities		552,153	1,503,297
Net increase in cash and cash equivalents		89,014	96,397
Cash and cash equivalents at beginning of year	6(1)	823,494	727,097
Cash and cash equivalents at end of year	6(1)	\$ 912,508	\$ 823,494

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



Attachment 7

Comparison table for the “Articles of Incorporation”  
Before and After Revision

Amendment	Original Contents
<p><b>Article 2</b> The business scope of the Corporation is as stated below:</p> <ol style="list-style-type: none"> <li>1. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing</li> <li>2. CC01070 Telecommunication Equipment and Apparatus Manufacturing</li> <li>3. CC01080 Electronic Parts and Components Manufacturing</li> <li>4. CC01100 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing</li> <li>5. CC01990 Electrical Machinery, Supplies Manufacturing</li> <li>6. E701010 Telecommunications Construction</li> <li>7. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction</li> <li>8. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction</li> <li>9. EZ99990 Other Construction</li> <li>10. F401010 International Trade</li> <li>11. Product Designing               <ol style="list-style-type: none"> <li>(a) To conduct research, development, design, production, manufacturing, and sales of the following items:                   <ul style="list-style-type: none"> <li>• Personal communication device components, subsystems and systems</li> <li>• Wireless microwave communication systems equipment, electronic components, electronic systems and etc.</li> </ul> </li> <li>(b) Manufacture for foreign and Taiwan domestic markets:                   <ul style="list-style-type: none"> <li>• Substrate and capacitors used in microwave integrated circuit.</li> <li>• High frequency microwave and millimeter wave components</li> <li>• Microwave and millimeter wave subsystem and system</li> <li>• Integrated imported and self-made microwave and optic electronic components into subsystem and system</li> </ul> </li> <li>(c) Manufacture and sale of direct broadcasting satellite receiver equipment for foreign and domestic market</li> <li>(d) Custom design and manufacture the above-mentioned products according to customers' specifications</li> <li>(e) Provide inspection, repair and maintenance, tooling, and installation services for the above-mentioned products</li> <li>(f) Import/Export for the above-mentioned business</li> </ol> </li> </ol>	<p><b>Article 2</b> The business scope of the Corporation is as stated below:</p> <ol style="list-style-type: none"> <li>1. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing</li> <li>2. CC01070 Telecommunication Equipment and Apparatus Manufacturing</li> <li>3. CC01080 Electronic Parts and Components Manufacturing</li> <li>4. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing</li> <li>5. CC01990 Electrical Machinery, Supplies Manufacturing</li> <li>6. E701010 Telecommunications Construction</li> <li>7. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction</li> <li>8. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction</li> <li>9. EZ99990 Other Construction</li> <li>10. F401010 International Trade</li> <li>11. <u>F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u></li> <li>12. Product Designing               <ol style="list-style-type: none"> <li>(a) To conduct research, development, design, production, manufacturing, and sales of the following items:                   <ul style="list-style-type: none"> <li>• Personal communication device components, subsystems and systems</li> <li>• Wireless microwave communication systems equipment, electronic components, electronic systems and etc.</li> </ul> </li> <li>(b) Manufacture for foreign and Taiwan domestic markets:                   <ul style="list-style-type: none"> <li>• Substrate and capacitors used in microwave integrated circuit.</li> <li>• High frequency microwave and millimeter wave components</li> <li>• Microwave and millimeter wave subsystem and system</li> <li>• Integrated imported and self-made microwave and optic electronic components into subsystem and system</li> </ul> </li> </ol> </li> </ol>



Amendment	Original Contents
	<p>(c) Manufacture and sale of direct broadcasting satellite receiver equipment for foreign and domestic market</p> <p>(d) Custom design and manufacture the above-mentioned products according to customers' specifications</p> <p>(e) Provide inspection, repair and maintenance, tooling, and installation services for the above-mentioned products</p> <p>(f) Import/Export for the above-mentioned business</p>
<p><b>Article 3</b> The Corporation shall have its head office in Science Park, HsinChu, Taiwan, Republic of China, and shall be free, upon approval of Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.</p>	<p><b>Article 3</b> The Corporation shall have its head office in Science <u>Industry</u> Park, HsinChu, Taiwan, Republic of China, and shall be free, upon approval of Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.</p>
<p><b>Article 10</b> Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Except special reasons ruled by the Company Act, shareholders' meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. However, the special case authorized by government administrator is not subject to this rule, <u>special meetings shall be convened in accordance with the law when necessary.</u></p>	<p><b>Article 10</b> Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Except special reasons ruled by the Company Act, shareholders' meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. However, the special case authorized by government administrator is not subject to this rule.</p>
<p><b>Article 16</b> The Corporation shall have 7~9 directors. The term of office of directors is three years, after which they will be eligible for reelection. When one-third of the directors have vacated their offices, a special shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor. The share holdings of all directors shall be no less than the regulation from the government authorities. No less than 3 and one-<u>third</u> of the directors of the Corporation shall be independent director. The election of director shall be conducted in accordance with a candidate nomination system, and that the shareholders shall elect director from among those listed in the slate of independent director candidates. The method for the accepting nomination</p>	<p><b>Article 16</b> The Corporation shall have 7~9 directors. The term of office of directors is three years, after which they will be eligible for reelection. When one-third of the directors have vacated their offices, a special shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor. The share holdings of all directors shall be no less than the regulation from the government authorities. No less than 3 and one-<u>fifth</u> of the directors of the Corporation shall be independent director. The election of director shall be conducted in accordance with a candidate nomination system, and that the</p>



Amendment	Original Contents
<p>in connection with the director shall comply with the relevant provisions under the Company Act and Securities Exchange Act. The Corporation shall form the Audit Committee, which is composed of all independent directors. The Corporation will authorize Board of directors to buy Directors and Officers insurance during the term of office of directors. The Board of directors is authorized to determine the compensation for the directors, aligned with the standards of the industry within the R.O. C and overseas.</p>	<p>shareholders shall elect director from among those listed in the slate of independent director candidates. The method for the accepting nomination in connection with the director shall comply with the relevant provisions under the Company Act and Securities Exchange Act. The Corporation shall form the Audit Committee, which is composed of all independent directors. The Corporation will authorize Board of directors to buy Directors and Officers insurance during the term of office of directors. The Board of directors is authorized to determine the compensation for the directors, aligned with the standards of the industry within the R.O. C and overseas.</p>
<p><b>Article 18</b> <u>Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</u> <u>When the chairperson of the board is on leave or for any reason unable to exercise the powers of 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 unable to exercise the powers of vice chairperson, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.</u> The notice set forth in the preceding Paragraph may be affected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p>	<p><b>Article 18</b> The meeting of the board of directors shall be called by its chairman. The chairman of the board of directors shall preside at the meeting. In case the chairman is to be absent or cannot exercise his powers for any cause whatsoever, he may designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect one form among themselves. The notice set forth in the preceding Paragraph may be affected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.</p>
<p><b>Article 27</b> The Article of Incorporation was initially executed on November 22, 1982. Twenty- <u>seventh</u> amendments have been made since then. The last amendment was made on June 15, 2023.</p>	<p><b>Article 27</b> The Article of Incorporation was initially executed on November 22, 1982. Twenty- <u>sixth</u> amendments have been made since then. The last amendment was made on June 19, 2019.</p>



## Appendix



## Appendix 1

### Rules of Procedure for Shareholders Meetings

#### Article 1

The rules of procedure for the Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

#### Article 2

“Shareholders” in these Rules means shareholders and their proxies.

#### Article 3

Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

#### Article 4

Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.

#### Article 5

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

#### Article 6

The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.

#### Article 7

The chair shall call the meeting to order if the attending shareholders exceed the majority of the total number of issued shares. 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. If the quorum is not met after two postponements, 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. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting.

#### Article 8

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

After the meeting, the shareholders may not elect another chair to continue the meeting at the original site or another place.

#### **Article 9**

During the Meeting, the chairman may, at his discretion, set time for intermission.

#### **Article 10**

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

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

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.

#### **Article 11**

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 a shareholder defies the chair's correction, the Rules are adopted pursuant to Article 18, paragraph 2.

#### **Article 12**

The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

#### **Article 13**

Except as otherwise provided in the Company Act and in 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, if the chair has consulted the no-objection, it shall be deemed to have passed, and its validity shall be the same as the voting. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. Resolution of the shareholders' meeting, the number of shares of non-voting shareholders, not counting the total number of issued shares.

If the shareholders are unable to attend the shareholders' meeting for any reason, they will be issued a power of attorney issued by the company, stating the scope of the authorization. In accordance with the company law and the public offering company's attendance at the shareholders' meeting using the rules of the power of attorney, the agent is entrusted to attend the shareholders' meeting. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 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.



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 before five days before the date of the shareholders meeting.

If the 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 before 2 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.

Other matters related to the agency shall be handled in accordance with the regulations of the competent authority.

#### **Article 14**

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

When a legal 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.

#### **Article 15**

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

#### **Article 16**

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

#### **Article 17**

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

#### **Article 18**

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place.

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 19**

The matters not specified in these Rules shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations and the articles of association of the Company.

#### **Article 20**

These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings.



## Appendix 2

### Article of Incorporation

#### Chapter I - General Provisions

##### Article 1

The Corporation is incorporated under the Company Act of the Republic of China, and its name is 台揚科技股份有限公司 in Chinese language, and Microelectronics Technology Inc. in English language.

##### Article 2

The business scope of the Corporation is as stated below:

1. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
2. CC01070 Telecommunication Equipment and Apparatus Manufacturing
3. CC01080 Electronic Parts and Components Manufacturing
4. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
5. CC01990 Electrical Machinery, Supplies Manufacturing
6. E701010 Telecommunications Construction
7. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction
8. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction
9. EZ99990 Other Construction
10. F401010 International Trade
11. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
12. Product Designing

(a) To conduct research, development, design, production, manufacturing, and sales of the following items:

- Personal communication device components, subsystems and systems
- Wireless microwave communication systems equipment, electronic components, electronic systems and etc.

(b) Manufacture for foreign and Taiwan domestic markets:

- Substrate and capacitors used in microwave integrated circuit.
- High frequency microwave and millimeter wave components
- Microwave and millimeter wave subsystem and system
- Integrated imported and self-made microwave and optic electronic components into subsystem and system

(c) Manufacture and sale of direct broadcasting satellite receiver equipment for foreign and domestic market

(d) Custom design and manufacture the above-mentioned products according to customers' specifications

(e) Provide inspection, repair and maintenance, tooling, and installation services for the above-mentioned products

(f) Import/Export for the above-mentioned business

##### Article 2-1

When being the limited liability shareholder of other companies, the total amount of the Corporation's investment is exempted from the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Act, but subject to total



shareholders' equity of the Corporation.

### **Article 3**

The Corporation shall have its head office in Science Park, Hsin Chu, Taiwan, Republic of China, and shall be free, upon approval of Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

### **Article 4**

Public announcements of the Corporation shall be made in accordance with Article 28 of the Company Act of the Republic of China.

## **Chapter II - Capital Stock**

### **Article 5**

The total authorized capital stock of the Corporation is in the amount of 7,000,000,000 New Taiwan Dollars, divided into 700,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments and in form of preferred stock subject to Board of Directors' approval. A total of 50,000,000 shares among the above total capital stock should be reserved for issuing stock options, corporate bonds with warrants and preferred shares with warrants.

#### **Article 5-1**

The rights, obligations and other important conditions regarding the first name-bearing preferred shares of the Corporation are as the followings:

- (1) At the end of each fiscal year, after the Corporation has provided for taxes, made up the prior years' losses, set aside legal reserve, special capital reserve, and dividends of preferred shares should be paid in first priority.
- (2) The dividends ratio of the preferred shares is 3% per year. Calculated based on the issuing price and are payable in cash annually. The Board of directors will resolve a record date after Shareholders' meeting to effect the dividends payment. The preferred shares are not entitled to dividends when transferring to common shares but are entitled to dividend of common shares at that year.
- (3) If the profit of the Corporation is not enough for dividends distribution to preferred shares, it will be paid in future year in the first priority. But after transferring to common shares, all accumulated dividends will not be distributable.
- (4) The preferred stocks can participate in the common share stock dividend distribution.
- (5) If the Corporation distributes its legal reserve and the capital reserve of special shares by issuing new shares or by cash dividend, the preferred stock can't join the earning distribution.
- (6) When the Corporation issues new shares in cash, the shareholders of the preferred stocks shall have the same preemptive rights with respect to the new shares as those of the shareholders of the common shares.
- (7) Limited by the issuing total amount, preferred stocks has priority to get the residual assets of the Corporation when liquidation.
- (8) Shareholders of preferred stocks have voting right, elect right and the right be the candidate for the directorship in annual shareholders' meeting.
- (9) The preferred stock can only be transferred to common shares after three years of issuance and the exchange rate is one on one. After transfer, the right and obligation is the same as other common shares.



#### **Article 5-2**

The Corporation may issue treasury stock to employees of the affiliated companies meeting certain qualifications.

The Corporation may issue share subscription warrant or restricted stock awards to employees of the affiliated companies meeting certain qualifications.

The Corporation may issue the new shares to employees of the affiliated companies meeting certain qualifications.

#### **Article 6**

The share certificates of the Corporation shall all be name-bearing share certificates with signatures of the director representing the Corporation, and issued in accordance with the Company Act and relevant rules and regulations of the Republic of China.

Subject to the Company Act or other related regulations, the stock certificates of the Corporation may be made without physical certificates. However, the stock of the Corporation shall be registered with the securities centralized depository institution.

#### **Article 7**

Registration for transfer of shares shall be suspended for sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or five (5) days before the day on which dividend, bonus, or any other benefit are scheduled to be paid by the Corporation.

#### **Article 8**

Prior to the transfer of Corporation shares, an application for transfer of share certificates with the seals of both transferor and transferee, shall be filed with the Corporation or the agent of the Corporation jointly by the transferors and the transferee. Before the transfer is duly made, the share certificates are deemed as belonging to the original shareholder. Application for mortgage or discharge of mortgage of share certificates with the seals of mortgager and mortgagee shall be filled with the Corporation or its agent of the Corporation jointly by the mortgager and the mortgagee. Before the mortgage is duly registered with the Corporation or its agent, the mortgager cannot defend himself against the Corporation.

#### **Article 9**

The Corporation shall handle its share-related issues in accordance with relevant rules and regulations of the Republic of China.

### **Section III – Shareholders' Meeting**

#### **Article 10**

Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Except special reasons ruled by the Company Act, shareholders' meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. However, the special case authorized by government administrator is not subject to this rule.

#### **Article 11**

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it and exercise on his/her behalf the rights at the meeting with the proxies printed by the Corporation. Excluding the trust enterprise and agents for stock affairs authorized by the government, if a

shareholder is on behalf of more than two persons to exercise their rights simultaneously, proxies over 3% of total voting rights can not be counted.

The proxies should be delivered to the Corporation no later than five days before the Shareholders' meeting date.

If there is double submission of proxies, the Corporation will accept the first one unless the revoking claim of the one is made.

The Corporation shall handle its proxies in accordance with relevant rules and regulations of the Republic of China.

#### **Article 12**

Each share of stock is entitled to one vote, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

#### **Article 13**

Resolutions at a shareholders' meeting shall, unless otherwise provide for by the Company Act, be adopted by a majority vote of the shareholders present, who must represent more than one half of the total number of voting shares. Shareholders may vote via an electronic voting system, and those who do so shall be deemed to as attending the shareholders' meeting in person; electronic voting shall be conducted in according with the relevant laws and regulations.

#### **Article 14**

The shareholders' meeting of the Corporation shall be presided over by the chairman of the board of directors. In case the chairman is to be absent or cannot exercise his powers for any cause whatsoever, he may designate one of directors to act on his behalf. In the absence designation, the directors shall elect one from among themselves.

If the shareholders' Meeting is called by other legal person(s), (s)he should be presided. If there are several legal persons, they shall elect one from among themselves.

#### **Article 15**

The resolutions of a shareholders' meeting shall be recorded in the minutes, recording the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting, and such minutes shall be signed by or sealed with the chop of the chairman. The minutes shall be distributed to all shareholders of the Corporation within twenty (20) days after the close of the meeting.

The distribution of the minutes of shareholders' meeting as required in Paragraph One of this Article may be effected by means of a public notice.

### **Chapter IV – Directors and the Audit Committee**

#### **Article 16**

The Corporation shall have 7~9 directors. The term of office of directors is three years, after which they will be eligible for reelection. When one-third of the directors have vacated their offices, a special shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor. The share holdings of all directors shall be no less than the regulation from the government authorities.

No less than 3 and one-fifth of the directors of the Corporation shall be independent director. The election of director shall be conducted in accordance with a candidate nomination system, and



that the shareholders shall elect director from among those listed in the slate of independent director candidates. The method for the accepting nomination in connection with the director shall comply with the relevant provisions under the Company Act and Securities Exchange Act. The Corporation shall form the Audit Committee, which is composed of all independent directors.

The Corporation will authorize Board of directors to buy Directors and Officers insurance during the term of office of directors. The Board of directors is authorized to determine the compensation for the directors, aligned with the standards of the industry within the R.O. C and overseas.

#### **Article 17**

The Board of directors shall be formed by directors. The directors shall elect from among themselves the Chairman of the Board of directors by a majority of votes cast by the directors present at the meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Corporation.

Such method may apply to the election of vice-Chairman, who will assist Chairman in all aspects.

#### **Article 18**

The meeting of the board of directors shall be called by its chairman. The chairman of the board of directors shall preside at the meeting. In case the chairman is to be absent or cannot exercise his powers for any cause whatsoever, he may designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect one form among themselves. The notice set forth in the preceding Paragraph may be affected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

#### **Article 19**

Unless otherwise provided by the Company Act and this Articles of Incorporation, the resolutions of board of directors shall be adopt by a majority vote at a meeting attended by at least one half of the directors. A director may designate another director to act as his proxy in case he cannot attend the meeting.

Minutes of the meeting of the board of directors shall be taken.

#### **Article 20**

The function of the board of directors shall be in accordance with the provision as described in the laws and regulations.

#### **Article 21**

The functions of the Audit Committee shall be in accordance with the provision as described in the laws and regulations.

### **Chapter V - Managers**

#### **Article 22**

The Corporation shall have one president and one or more vice presidents or managers, whose appointment, dismissal or remuneration shall be proposed by the chairman of the board of directors and consented by a majority vote of the directors.



## Chapter VI - Accounting

### Article 23

The fiscal year of the Corporation begins on January 1 and ended on December 31.

At the end of each fiscal year, the following statements shall be prepared by the board of directors, and submitted (a) Business report (b) Financial statements (c) Proposals of profit distribution or losses covering to the regular shareholders' meeting for approval.

### Article 24

The Corporation may provide endorsement and guarantee and act as a guarantor.

### Article 25

At the end of each fiscal year, the Corporation shall first set aside a reserve to cover accumulated losses if any; then set aside no less than 7% of its pre-tax profits as remuneration to employees, and no more than 1% as remuneration to directors. By a resolution of the Board of Directors, employee remuneration may be distributed in the form of shares or in cash. Employees entitled to receive shares or cash may include employees from affiliated companies who meet certain qualification. A remuneration proposal of employees or/and directors and supervisors should be reported at the shareholders' meeting.

When allocating the net profits for each fiscal year, the Corporation shall first offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals the total paid-in capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations, and dividends of preferred shares. The remaining net profits and the retained earnings from previous years shall be distributed to shareholders according to the proposal made by the Board of Directors and passed to the shareholders' meeting for approval.

### Article 25-1

The Corporation is currently at a steady growth stage. With the consideration of industry and corporation's external environment, the future capital expenditure and working capital needs, enterprise development, cash dividend shall be the priority, stock dividend as supplementary. The amount of dividends distributed to shareholders shall be no less than 30% of distributable earnings for the year. The Corporation may pay dividend or not, provided the accumulated disposable earning is less than 5% of outstanding share capital. The portion of cash dividend shall be between 30%~100% and the remaining is stock dividend. The surplus earnings distribution shall be approved by the Board of Directors and Shareholders' Meeting.

## Chapter VII - Supplementary Provisions

### Article 26

Provisions of the Company Act shall be referred to for matters not provided for in the Article of Incorporation.

### Article 27

The Article of Incorporation was initially executed on November 22, 1982. Twenty- sixth amendments have been made since then. The last amendment was made on June 19, 2019.



### Appendix 3

#### Shareholdings of All Directors

Record Date: April 17, 2023

Title	Name	Current Shareholding (Shares)
Chairman	Mr. Chi-Chia Hsieh	2,764,279
Director	CyberTAN Technology, Inc.	54,070,749
	Representative: Mr. Gwong-Yih Lee	0
Director	CyberTAN Technology, Inc	54,070,749
	Representative: Mr. Hank Hsieh	0
Director	Eugene Wu	105,617
Independent Director	Ms. Yun Lin	0
Independent Director	Mr. Golub Drakulovic	0
Independent Director	Mr. Jong Wang	0
The minimum legal number of shares that all directors should hold		12,000,000
Total shareholdings of all Directors		56,940,645 23.92% of total shares (Note 2)

Note :

- (1) Total outstanding shares as of April 17, 2023: 238,028,320 common shares
- (2) Total shareholdings of all Directors are in compliance with the “Public Issuance Company Directors, Supervisors' Equity and Checking Implementation Rules” promulgated by the Financial Supervisory Commission.