



BenQ  
Materials Corp

TWSE  
8215

# 2025

## Annual General Shareholders' Meeting Agenda

# BenQ Materials Corporation 2025 Annual Shareholders' Meeting

**Meeting Time:** 9:00 a.m. on Wednesday, May 28, 2025

**Venue:** Chuto Plaza Hotel (No. 398, Taoying Rd., Taoyuan Dist., Taoyuan City, Taiwan)

**Method of Convening:** Physical Shareholders' Meeting

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## **I. Report Items:**

### **(I) 2024 Annual Business Report**

The year 2024 was a pivotal year filled with challenges and opportunities, as the global economy and industrial environment are being influenced by multiple uncertain factors. The ongoing escalation of geopolitical tensions influenced international relations and trade patterns; the pressure of oversupply in industries intensified market competition; the rapid development of Artificial Intelligence (AI) presented opportunities for technological innovation while also posing potential impacts on future industrial structures and labor demand; and the global labor shortage continued to trouble various sectors. In such a challenging environment, BenQ Materials has been facing significant operational pressure. The consolidated revenue for 2024 is NT\$18.59 billion, with a net profit after tax of NT\$199 million, resulting in an earnings per share of NT\$0.62.

Over the past decade, we have continuously promoted a development strategy that encompasses multiple products, technologies, and applications, and we have gradually established a solid foothold in the medical device sector. In the face of market headwinds, we are driven to continuously optimize our strategies, focus on our core business, and enhance our competitive advantages within the value chain. In response to the structural changes in the global market, particularly in the fields of display materials and medical services, we have repositioned ourselves as a "Crucial Materials Ingredient Provider," focusing on high technological barriers and long lifecycle product applications. For example, our technological breakthroughs in the automotive materials sector are further consolidating our market leadership position. At the same time, in the medical field, our material technology has successfully entered the supply chains of globally recognized brands and is gradually expanding to more hospitals and pharmacies, demonstrating potential for future growth.

In recent years, we have adhered to the principles of sustainable management, actively leading all employees to implement ESG values. In 2024, we received significant awards, including being ranked among the top 30 large manufacturers in the Global Sustainable Citizen Awards and winning the Model Award for Comprehensive Performance in the Electronics and Technology Industry at the 20th Global Views ESG Corporate Sustainability Awards. In addition, BenQ Materials' functional fabric brand Xpore has launched the innovative "e2cycle" PET recycling technology, which transforms PET materials from electronic waste into high-quality recycled PET. This recycled PET is then used to produce waterproof functional fabrics for various major fashion brands. This innovative initiative not only effectively reduces waste disposal costs but also achieved first place in the photovoltaic industry in the 2024 carbon competitiveness ranking, demonstrating our outstanding performance in sustainable development.

Looking ahead, the management team will accelerate the implementation of innovation and globalization strategies, dedicated to meeting unmet market demands. In the face of challenges, we will continue to enhance our adaptability, deepen the layout of high value-added businesses, and achieve steady growth and higher profitability. We would like to express our gratitude to our shareholders for their unwavering support and look forward to collaboratively creating a new milestone in the Company's sustainable development in 2025.

Best Regards,

Chairman:



Chen Zhien-Chi

General Manager:



Liu Jia-Reuy

Accounting Supervisor:



Wang Shen-Hsing

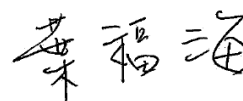
## **(II) Audit Committee Review Report**

The Board of Directors has prepared the Company's Financial Statement for 2024. Victor Wang and Philip Tang, Certified Public Accountants with KPMG and who are entrusted by the Board of Directors jointly issued an audit report. The Financial Statements, Business Report, the proposed Independent Auditors' Report and the dividend distribution proposal have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Report submitted for inspection.

Sincerely,

BenQ Materials Co., Ltd. 2025 Regular Shareholders' Meeting

Convener of the Audit Committee:  
February 24, 2025



## **(III) Report on the Distribution of Employee and Director Remuneration in 2024**

On February 24, 2025, the resolution of the Board of Directors of the Company was passed, and the amount of employee remuneration and directors' remuneration distributed in cash was NT \$ 25,491,073 and NT \$1,911,830, respectively.

## **(IV) Report on Earnings Distribution in 2024 - Cash Dividend**

- I. In accordance with Article XIX(1) of the Company's Articles of Incorporation, in case of distribution of earnings made on a cash dividend basis, the Board of Directors shall enjoy the rights for resolutions, with reports made in the Shareholders' Meeting.
- II. The Company distributes the retained distributable earnings for 2024 and distributes NT\$0.62 per ordinary share for cash dividends.
- III. The cash dividend distribution to each shareholder will be paid to the nearest New Taiwan Dollar, rounded-down, and the Chairman of Board of Directors is authorized to determine the base date and distribution date of dividends and other related matters.
- IV. In case of changes in the number of outstanding shares of the Company during this earnings distribution, which results in changes in the payout ratio requiring amendment, the Chairman shall enjoy the right to act with full authority.

## **(V) Report on the Handling of Private Placement of Securities**

- I. On May 30, 2024, the Company's annual meeting of shareholders approved and authorized that within the scope of 31,800,000 shares of common shares, the Board of Directors shall enjoy the right to conduct follow-up offerings by the issuance of common shares and sponsor insurance of overseas depositary receipts and/or follow-up offering by the issuance of common shares, and/or follow-up offering by private placement of common shares, and/or private placement of overseas or domestic convertible corporate bonds.
- II. In case of any incomplete fund-raising hereinabove by the last day of the 2025 annual meeting of shareholders, it shall be annulled on the date of the 2025 annual meeting of shareholders.

## (VI) Report on Related Party Transactions for 2024

- I. According to the Company's "Regulations on Financial and Business Operations Related to Related Parties," this report outlines the circumstances under which real estate or rights to use assets were acquired or disposed of in 2024.
- II. The related party transaction situation for 2024 is as follows:

Acquisition/ Disposition	Transaction Items	Counterparty/ Relationship	Transaction Date	Transaction Amount	Transaction Terms	Transaction Purpose	Limitations/ Other Important Agreements
Acquisition	Right-of-use Assets	Friendship Optoelectronics Co., Ltd./ Affiliated Enterprises	2024/10/31	New Taiwan Dollar NT\$1,983,834	According to the contract, rent is to be paid annually.	Operational Requirements	Contract Duration: Total of 3 Years 2025/1~2027/12

## II. Elections:

**Subject: Proposal for the Election of Nine Directors (including Four Independent Directors)  
(Proposed by the Board of Directors)**

- Explanation:
- I. The term of office for the directors of this Company will expire on June 15, 2025. It is proposed to re-elect nine directors (including four independent directors) in accordance with the company's Articles of Incorporation. The term for the newly elected directors (including independent directors) will commence from the date of their election at the 2025 shareholders' meeting and will last for three years.
  - II. Mr. Frank Yeh, the independent director candidate, has served as an independent director of the Company for more than three consecutive terms. Considering his expertise and relevant work experience, which are essential for the Company's operations, and the significant benefits he brings to the Company, he is hereby nominated again as an independent director candidate.
  - III. In accordance with the provisions of the Company's articles of incorporation and Article 192-1 of the Company Act, the Board of Directors (including independent directors) of this company adopts a candidate nomination system. The list of candidates was approved by the Board of Directors on February 24, 2025. For information regarding the candidates for directors and independent directors, please refer to Attachment I (p. 13). Your acknowledgment is kindly requested.

Election Results:

### III. Proposals and Discussion:

#### Proposal I

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**Subject:** Recognition of 2024 Financial Statements and Business Report. (Proposed by the Board of Directors)

- Explanation:
- I. The company's financial statements for fiscal year 2024 have been audited by CPAs Philip Tang and Victor Wang of KPMG, as appointed by the Board of Directors. The auditors have determined that the statements adequately represent BenQ Materials Corporation's financial position as of December 31, 2024, as well as its financial performance and cash flow conditions for fiscal year 2024.
  - II. Please refer to page 1 of this handbook and Attachment II (p. 15-p. 35) for the business report, auditor's examination report, and financial statements. Your acknowledgment is kindly requested.

Resolution:

#### Proposal II

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**Subject:** Recognition of 2024 Earnings Distribution. (Proposed by the Board of Directors)

Explanation: The Company's 2024 Earnings Distribution Table was approved by the Board of Directors and sent to the Audit Committee for review. Please refer to Attachment III (p. 36) for the distribution of surplus for 2024. Your acknowledgment is kindly requested.

Resolution:

#### Proposal III

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**Subject:** Please kindly discuss the proposal to approve the issuance of common shares by cash to participate in the issuance of overseas depositary receipts and/or the issuance of common shares by cash and/or the private placement of common shares by cash and/or the private placement of overseas or domestic convertible corporate bonds. (Proposed by the Board of Directors)

- Explanation:
- I. The purpose and amount of the fundraising: In order to enrich the working capital, improve financial structure, overseas materials purchases or satisfy the other financing needs in response to the long-term development of the Company, the Board of Directors is proposed to be authorized by the Shareholders' Meeting to select the appropriate timing and appropriate method, in accordance with the relevant laws and regulations and the following principles of the appropriate method, within the limit of 31,800,000 ordinary shares, depending on the market environment and the needs of the Company. In the case of overseas or domestic conversion of corporate bonds by private placement (hereinafter referred to as "conversion of corporate bonds"), the number of common shares that can be converted from private placement of corporate bonds should be calculated based on the conversion price at the time of private placement within the aforementioned range of 31,800,000 shares.

- II. Fund-raising and handling principles:
- (I) Follow-up offering by the issuance of common shares and sponsor insurance of overseas depositary receipts:
    - 1. The issue price of the overseas depositary receipts will be determined by reference to (a) the closing price of the common shares of the Company on the Price Adoption Date, or (b) the average closing price of the common shares of the Company calculated one, three, or five business days prior to the Price Adoption Date ((a) or (b) referred to as the "Reference Price"). However, the actual issuance price should be determined by the chairman of the Board of Directors and the foreign lead underwriters based on the prevailing market conditions, and the actual issuance price should not be lower than 90% of the reference price after deducting the free allotment or capital reduction ex-rights and ex-dividends. The above reference price and actual issuance price are determined in accordance with the issuance market practice and laws and regulations, and the proposed common shares, if calculated at the upper limit of 31,800,000 shares, account for 9.92% of the Company's outstanding common shares, and the actual issuance price should not be lower than the reference price before 90% after deduction of free allotment or capital reduction ex-rights and ex-dividends, it will not cause significant dilution of the original shareholders' equity. Therefore, the issue price of overseas depositary receipts should be set reasonable and will not have a significant impact on the equity of the original shareholders.
  - (II) This cash increase to participate in the issuance of overseas depositary receipts, except that 10% to 15% of the issued shares are reserved by the Company's employees as required by Article 267 of the Company Act, and the rest are planned to comply with the provisions of Article 28-1 of the Securities Exchange Law. The shareholders' meeting is requested to agree that the original shareholders would give up the right of first-hand subscription, and the full allocation was made to participate in the issuance of overseas depositary receipts for public issuance. For the unsubscribed portion of employees, the chairman should be authorized to include the securities with original price in recognition of the issuance of overseas depositary receipts in accordance with the market needs, or negotiate with a specific person to subscribe it.
  - (III) The follow-up offering by common shares shall be conducted in the form of the public offering:
    - 1. The face value of the capital increase is NT\$10 per share, and the actual issue price will be in accordance with the relevant provisions of the "Securities Underwriting Self-Regulatory Guidelines for Member Firms of the Taiwan Securities Association regarding the Guidance of Issuing Companies in the Solicitation and Issuance of Securities," and to authorize the chairman to negotiate with the underwriters to submit it to the competent authority for review before issuance.
    - 2. Except in accordance with Article 267, Paragraph 1 of the Company Act, where 10% to 15% of the total number of shares issued with additional capital are reserved for the employees to subscribe at the issue price, for



the sales method of the public underwriting part, it is proposed to authorize the Board of Directors to choose one of the following two methods:

- (1) In accordance with Article 28-1 of the Securities and Exchange Act, it is proposed to request the shareholders' meeting to agree that the original shareholders will give up their right to subscribe firstly based on the original share ratio, and the full allocation will be allocated through the inquiry circle purchase and sale. If employees give up the subscription or the subscription is insufficient, it is proposed to authorize the chairman of the board to contact a specific person to subscribe for it at the issue price.
  - (2) In accordance with Item 2 of Article 28-1 of the Securities and Exchange Act, 10% of the total number of shares to be issued shall be allocated for public underwriting, and the remaining shares shall be recognized by the original shareholders of the Company in accordance with the original shareholding ratio. If employees and original shareholders give up the subscription or the subscription is insufficient, it is proposed to authorize the chairman of the board to contact a specific person to subscribe at the issue price.
- (IV) Handling the follow-up offering and issuance of common shares by means of private placement and/or handling conversion of corporate bonds by means of private placement:
1. The basis and rationality of private placement price setting:
    - (1) The reference price for the subscription price of the private common shares shall be calculated on the basis of one, three or five business days before the pricing date and the simple arithmetic average of the closing price of the common shares of the 30 business days prior to the pricing date, minus the ex-rights and dividends of the free allotments, plus the stock price after the ex-rights of the capital reduction, taking the higher one as the reference price
    - (2) With respect to the subscription price of the Private Placement Ordinary Shares, the Company intends to request the Board of Directors to authorize the Board of Directors to determine the private placement price based on no less than 80% of the reference price, and the issue price of the Private Placement Convertible Bonds shall be no less than 80% the theoretical price. The actual price shall be within the percentage range of no less than the number of resolutions of the Board of Shareholders, and the Company intends to request the Board of Directors to authorize the Board of Directors to determine the specific person situation and market conditions according to the future.
    - (3) The subscription price of the aforementioned private common shares and the price of private conversion corporate bonds are determined by reference to the Company's share price and theoretical price respectively, and are in accordance with the provisions of the matters requiring attention of publicly issued companies when conducting private placement securities, and are subject to the three-year transfer restriction stipulated by the Act, so they should be reasonable.

2. The selection method, purpose, necessity and expected benefits of the specific person:
  - (1) The investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights.
  - (2) The purpose, necessity and expected benefits for choosing the strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development and it should be positively beneficial to shareholders' equity.
  - (3) The company currently does not have a specific person that has been negotiated, and it intends to authorize the Board of Directors to handle matters related to the specific person.
3. Necessary reasons for private placement: It is necessary to consider factors such as the relative timeliness and convenience of the private placement method, and to introduce strategic investors and other plans in response to the development of the Company, and to handle the private placement method.
4. For this private placement of marketable securities, the Board of Directors is authorized to apply to the Taiwan Stock Exchange for a Letter of Approval that meets the listing standards after three years from the delivery date of the private placement, and subsequently report to the competent authority for the supplementary issuance and the application for listing transactions.
5. For the issuance and conversion measures for the private placement of convertible corporate bonds (tentative), please refer to Attachment IV (p. 37-p. 39).
- III. The use of funds, the use progress of funds, and the expected earnings: the funds raised are expected to be used for single or multiple fund purposes, such as replenishing the working capital, improving financial structure, overseas material purchasing, or as funds to cope with other needs for the long-term development of the Company, and expected to strengthen the competitiveness of the Company and improve its operating performance.
- IV. This cash capital increase issuance of common shares to participate in the issuance of overseas depository receipts, cash capital increase issuance of common shares, cash capital increase private placement common shares, private placement conversion corporate bonds and the exchange of common shares are all issued or delivered in a non-physical manner. Except for privately placed securities that are subject to transfer within three years period after delivery in accordance with Article 43-8 of the Securities and Exchange Act, the rights and obligations of common shares issued or privately placed

(including common shares exchanged for corporate bonds in private placement) are the same as those of the original common shares.

- V. The price of per share for the ordinary shares issued by cash capital increase to participate in the issuance of overseas depositary receipts, the issuance of ordinary shares by cash capital increase, the price per share of private ordinary shares for cash capital increase, and the conversion price of privately placed overseas or domestic convertible corporate bonds, if the price is lower than that in response to market situation changes, and reasons for not adopting other financing methods in order to issue at a lower par value in response to market changes: It is mainly based on the consideration of the Company's stable operation and financial structure safety, and the use of equity-related financing tools is more appropriate than other methods of pure liability. Fundraising methods such as issuing new common shares and overseas depositary receipts through cash capital increase, issuing new shares through cash capital increase, and conducting private placement of common shares through cash capital increase do not incur any interest for liabilities, reduce the Company's financial risk, and immediately enhance the Company's financial structure and the flexibility of the Company's financial allocation. As for private placement of overseas or domestic corporate bonds, if investors convert the bonds into shares, this can improve the Company's financial structure and benefit the Company's long term development. Thus, it should be reasonable for the Company to use the fundraising instruments related to equity. If the price per share and the conversion price are lower than the face value, such would be expected to reduce the Company's book value of capital surplus and retained earnings. In such case, the Company would, depending on the actual operating conditions in the future, make up for the losses. The issue price and conversion price will be determined in accordance with the competent authority's relevant regulations. After efficiency of the capital increase becomes apparent, the Company's financial structure will be effectively improved, which would be favorable to the Company's long-term development and would not have adverse impact on the rights and benefits of shareholders.
- VI. This cash capital increase issuance of common shares participates in the issuance of overseas depositary receipts, cash capital increase issuance of ordinary shares, cash capital increase private placement common shares and private placement conversion corporate bonds, after the resolution of the shareholders meeting is passed, the issuance or private placement conditions and private placement of this capital raising, to change the issuance and conversion method of corporate bonds, capital utilization plan, capital use, scheduled progress, expected benefits and other related matters, etc., it is proposed to request the shareholders' meeting to authorize the Board of Directors to formulate, adjust and deal with them at its sole discretion based on the Company's actual needs, market conditions and relevant laws and regulations. In the future, if changes or amendments are required due to changes in laws or regulations or instructions from the competent authority,

or based on changes in objective environmental factors such as operational assessments or the market, it is proposed to authorize the Board of Directors to deal with them at its sole discretion.

- VII. In order to complete the fund-raising plan, it is proposed to authorize the Chairman or designated person thereof to handle all matters related to the follow-up offerings by the issuance of common shares and sponsor issuance of overseas depository receipts, the follow-up offerings by the issuance of common shares, and the follow-up offerings by the private placement of common shares and convertible corporate bonds, with contracts and documents concerned signed.
- VIII. The Board of Directors shall be authorized to deal with any matters not covered herein in accordance with relevant laws and regulations.

Resolution:

## **Proposal IV**

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- Subject:** Please discuss the proposed lifting of the competition restriction for new directors and their representatives. (Proposed by the Board of Directors)
- Explanation:**
- I. In accordance with Article 209 of the Company Act, directors who act for themselves or others within the business scope of the Company shall explain the important content of their actions to the shareholders' meeting and get the permission for them.
  - II. The consent of the Board of Shareholders is sought in accordance with the law because the directors of the Company have invested or operate other companies that have the same or similar scope of business as the Company.
  - III. It is proposed to request the removal of the restrictions on competition for directors at the 2025 Annual Shareholders' Meeting. Please refer to Attachment V (p. 40–p. 41).

Resolution:

## **Proposal V**

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- Subject:** Proposed Amendments to the Articles of Incorporation, please discuss. (Proposed by the Board of Directors)
- Explanation:**
- I. In accordance with Presidential Order No. 11300069631 issued on August 7, 2024, which amends Article 14 of the Securities and Exchange Act, the Company shall specify in its Articles of Incorporation a certain percentage of annual profits to be allocated for the adjustment of salaries or distribution of compensation to grassroots employees. Therefore, it is proposed to amend the relevant provisions of the Company's Articles of Incorporation.
  - II. In response to the provisions of Article 14, Section 6 of the Securities and Exchange Act, it is proposed to amend Article 19 of the Company's Articles of Incorporation to explicitly state that if the Company generates profits in a given fiscal year, it shall allocate between 5% and 20% of such profits for employee compensation, and no more than 1% for director compensation.

Furthermore, the distribution of employee compensation for frontline employees shall not be less than 10% of the total employee compensation mentioned above.

- III. Refer to Attachment VI (p. 42) for a comparison table of the provisions before and after the revision.

Resolution:

#### **IV. Extempore Motions:**

#### **V. Meeting Adjournment**

## Attachment I

### List of Candidates for Directors and Independent Directors

Position	Name	Sex	Major Educational/ Professional Experience	Principal incumbent
Director	Qisda Corporation (shareholder) Company Representative: Zhien-Chi (Z.C.) Chen	Male	Ph.D., Swiss Federal Institute of Technology in Zurich MS., Materials & Engineering, University of Utah Director of Darfon Electronics Corp. Development Manager of Philips Taiwan Ltd.	Chairman and CEO of BenQ Materials Co., Ltd. Chairman of Cenefom Corporation Limited Chairman of Web-Pro Corp. Director of the BenQ Foundation Director of Circular Taiwan Foundation
Director	Qisda Corporation (shareholder) Company Representative: Peter Chen	Male	Honorary Doctor of Engineering from National Cheng Kung University Technology Management Class of National Chengchi University (NCCU) MS., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University General Manager of Qisda Corp.	Chairman and CEO of Qisda Corporation Director of Darfon Electronics Corp. Director of BenQ Hospital Group, Inc. Chairman of DFI Inc. Chairman of BenQ Medical Tech. Chairman of the Board of Directors of the BenQ Foundation
Director	Qisda Corporation (shareholder) Company Representative: Ray Liu	Male	Doctorate in Optoelectronic Engineering, National Yang Ming Chiao Tung University General Manager of the Display Materials Business Group, BenQ Materials Corp.	Director and General Manager of BenQ Materials Corp.
Director	BenQ Corporation Company Representative: Jasmin Hung	Female	National Taiwan University EMBA California State University, Fullerton MBA Financial Vice President of Qisda Corp. CFO of Daxon Technology Co., Ltd.	CFO of Qisda Corporation Director of Darfon Electronics Corp. Director of Alpha Networks Inc. Director of MetaAge Corporation Director of Data Image Corporation Director of BenQ Corp. Director of TopView Optronics Corporation Director of BenQ Hospital Group, Inc. Director of the BenQ Foundation
Director	BenQ Corporation Company Representative: Michael Tseng	Male	Master's Degree in Power Mechanical Engineering, National Tsing Hua University General Manager of Double Edge Entertainment Corporation General Manager of BenQ Corporation Director of BenQ Corporation (Hong Kong)	Chairman of BenQ Corporation Director and General Manager of BenQ Corporation (Shanghai) Director and General Manager of BenQ Smart Technology (Shanghai) Co., Ltd. Chairman of Shengcheng Trade (Shanghai) Co., Ltd. Director of BenQ Smart Technology (Shanghai) Co., Ltd. Director of the BenQ Foundation Director of the Suzhou BenQ AUO Foundation
Independent Director	Frank Yeh	Male	Department of Electronic Engineering, Feng Chia University Director and CEO of WPG General Manager of Arrow Electronics, Inc. Vice President of Acer Inc.	Independent Director of BenQ Materials Corp. Vice Chairman of WPG Holdings Ltd. Director of WPG Electronics Ltd. Independent Director of Senao International Cp., Ltd.
Independent Director	Yu-Yang Lu	Male	Business Administration PhD, Chiao Tung University MS., Computer Science, National Chiao Tung University Dean, College of Management, Yuan Ze University Senior manager, BenQ Corporation Director Representative of Grand Cathay Venture Capital Co., Ltd.	Independent Director of BenQ Materials Corp.

Position	Name	Sex	Major Educational/ Professional Experience	Principal incumbent
Independent Director	Kung Wang	Male	PhD in Industrial Economics and Transportation Economics, Massachusetts Institute of Technology Independent Director of Formosa Taffeta Co.,Ltd Independent Director of Qisda Corporation Chair Professor, Enterprise Management Department, China University of Technology (CUTe) Supervisor of PTOT Inc. Headquarter, Taipei	Independent Director of BenQ Materials Corp.
Independent Director	Chun-Lin Liu	Male	Ph.D., China Medical University, Taiwan Master's Degree in Clinical Medicine from China Medical University Attending Physician in Neurosurgery at Linkou Chang Gung Memorial Hospital. Director of the Operating Room of China Medical University Hospital Director of International Medical Ward, China Medical University Hospital	Independent Director of BenQ Materials Corp. Vice President of Taipei Branch, China Medical University Hospital Attending Physician, Department of Neurosurgery, China Medical University Hospital

## **Attachment II**

### **Consolidated Financial Statements and Independent Auditors' Report of BenQ Materials Corporation**

To: The Board of Directors of BenQ Materials Corporation,

#### **Opinions on the audit**

We have audited the Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries (the BenQ Corporation) as of December 31, 2024 and 2023, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2024 and 2023.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of BenQ Materials Corporation and subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows for the annual periods ended December 31, 2024 and 2023 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

#### **Basis of opinions on the audit**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Consolidated Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. 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 2024 Consolidated Financial Statements of BenQ Materials Corporation and its subsidiaries. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountant's judgment should communicate the key audit matters on the audit report as follows:

##### **I. Inventory Valuation**



For the accounting policies of inventories, please refer to Note 4 (8) of the Consolidated Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5(1) of the Consolidated Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 (7) of the Consolidated Financial Statements.

#### Description of Key Audit Matters:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of the Consolidated Financial Statements.

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

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory age report by BenQ Materials Corporation, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been handled in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

## II. Goodwill Impairment Assessment

For the accounting policy on the impairment of non-financial assets, please refer to Note 4(20) of the Consolidated Financial Statements; for the accounting estimates and assumptions used to estimate the impairment of goodwill, please refer to Note 5(2) of the Consolidated Financial Statements; for the description of the goodwill impairment test, please refer to Note 6(10) of the Consolidated Financial Statements.

#### Description of Key Audit Matters:

The goodwill arising from the merger of BenQ Materials Group and Cenefom Corp. shall be subject to an impairment test annually or whenever there are indications of impairment. Since the assessment of the recoverable amount of the cash-generating unit to which the goodwill belongs involves numerous assumptions and estimates made by management, the evaluation of goodwill impairment is one of the key audit matters in our audit of the consolidated financial statements of BenQ Materials Group.

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

The primary audit procedures performed in response to the aforementioned key audit matter include obtaining the goodwill impairment assessment report prepared by management; evaluating the reasonableness of the estimation basis and key assumptions used by management in measuring the

recoverable amount, including the discount rate, projected revenue growth rate, and future cash flow forecasts; conducting a sensitivity analysis on the test results; and reviewing whether BenQ Materials Group has adequately disclosed relevant information regarding the goodwill impairment assessment.

### **Other Matters**

BenQ Materials Corporation has also compiled Individual Financial Statements for 2024 and 2023, and they have also received an unqualified audit opinion from our CPA for your reference.

### **The Management's Responsibility and Governing Body of the Consolidated Financial Statements**

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Consolidated Financial Statement, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters, and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation and its subsidiaries (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

### **The Accountants' Responsibilities in Auditing the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Consolidated Financial Statements. Misstatements can arise from fraud or error. Misstatements 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.

We have utilized our professional judgment and maintained professional skepticism when performing auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit

report. The risk of not detecting a significant 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. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present related transactions and events fairly.

6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the Consolidated Financial Statements of BenQ Materials Corporation of 2024. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

CPA:

Victor Wang

王勇勝



Phillips Tang

唐慈杰



Approved audit number:

FSC (audited) No. 1040010193  
FSC (6) No. 0940100754

February 24, 2025

Notice to Readers

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

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2024 and 2023

Unit: NT\$ thousand

Assets		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6 (1))	\$ 684,063	3	619,690	3
1110	Financial assets at fair value through profit or loss - current (Note 6 (3))	1,457	-	65,296	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 (4))	64,764	-	63,840	-
1170	Notes and accounts receivable, net amount (Note 6 (5) and (23))	2,471,930	11	2,201,073	11
1180	Notes and accounts receivable - related parties net amount (Note 6 (5), (23) and 7)	1,522,617	7	930,453	5
1200	Other receivables (Note 6 (5), (6), (25) and 7)	204,116	1	80,207	-
1210	Other receivables - related parties (Note 6 (6) and 7)	188	-	54	-
1310	Inventories, net amount (Note 6 (7))	3,435,844	15	3,391,895	16
1479	Other current assets	354,071	2	291,301	2
1476	Other financial assets - current (Note 6 (2) and 8)	57,814	-	766,092	4
<b>Total current assets</b>		<u>8,796,864</u>	<u>39</u>	<u>8,409,901</u>	<u>41</u>
<b>Non-current assets:</b>					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (4))	96,751	-	96,007	1
1550	Investments accounted for using equity method (Note 6 (8))	570,747	3	465,829	2
1600	Property, plant, and equipment (Note 6 (11), 7, and 8)	11,852,477	52	10,107,104	49
1755	Right-of-use asset (Note 6 (12))	665,992	3	774,207	4
1760	Net investment property (Note 6 (13))	140,209	1	147,051	1
1780	Intangible assets (Note 6 (9), (14) and 7)	170,528	1	200,380	1
1840	Deferred tax assets (Note 6 (20))	243,669	1	268,075	1
1920	Guarantee deposits paid	14,960	-	16,367	-
1980	Other financial assets - non-current (Note 6 (2) and 8)	10,452	-	9,252	-
1995	Other non-current assets (Note 6 (19))	69,941	-	63,605	-
<b>Total non-current assets</b>		<u>13,835,726</u>	<u>61</u>	<u>12,147,877</u>	<u>59</u>
<b>Total assets</b>		<u>\$ 22,632,590</u>	<u>100</u>	<u>20,557,778</u>	<u>100</u>

(See the attached notes to Consolidated Financial Statements)

Chairman:  
Zhien-Chi (Z.C.) Chen

General Manager:  
Ray, Liu

Accounting Manager:  
James, Wang

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2024 and 2023

Unit: NT\$ thousand

		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6 (15))	\$ 2,200,000	10	1,490,000	7
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (3))	32,997	-	-	-
2170	Accounts payable	2,926,647	13	2,766,212	14
2180	Accounts payable - related parties (Note 7)	64,977	-	54,473	-
2200	Other payables (Note 6 (24))	1,708,867	8	1,503,471	7
2220	Other payables - related parties (Note 7)	27,703	-	29,787	-
2320	Long-term borrowings due within one year (Note 6 (16) and 8)	342,313	2	381,943	2
2281	Lease liabilities - current (Note 6 (17))	11,045	-	11,218	-
2282	Lease liabilities - related parties - current (Note 6 (17) and 7)	94,852	-	93,401	1
2399	Other current liabilities (Note 6 (23))	213,377	1	183,486	1
<b>Total current liabilities</b>		<b>7,622,778</b>	<b>34</b>	<b>6,513,991</b>	<b>32</b>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6 (16) and 8)	5,917,818	26	4,416,898	22
2570	Deferred tax liabilities (Note 6 (20))	504,703	2	496,575	2
2581	Lease liabilities - non-current (Note 6 (17))	38,043	-	40,419	-
2582	Lease liabilities - related parties – non-current (Note 6 (17) and 7)	194,527	1	289,379	1
2600	Other non-current liabilities (Note 6 (16) and (19))	38,140	-	44,463	-
<b>Total non-current liabilities</b>		<b>6,693,231</b>	<b>29</b>	<b>5,287,734</b>	<b>25</b>
<b>Total liabilities</b>		<b>14,316,009</b>	<b>63</b>	<b>11,801,725</b>	<b>57</b>
<b>Equity (Note 6 (21)):</b>					
3110	Common stock	3,206,745	14	3,206,745	16
3200	Capital reserve	193,114	1	192,352	1
Retained earnings:					
3310	Legal reserve	582,115	3	540,821	3
3320	Special reserve	92,684	-	68,835	-
3350	Undistributed earnings	1,629,020	7	1,880,161	9
3400	Other equity	11,576	-	(92,684)	(1)
<b>Total equity attributable to the owners of parent company</b>		<b>5,715,254</b>	<b>25</b>	<b>5,796,230</b>	<b>28</b>
36XX	Non-controlling interests (Note 6 (9), (10), and (21))	2,601,327	12	2,959,823	15
<b>Total equity</b>		<b>8,316,581</b>	<b>37</b>	<b>8,756,053</b>	<b>43</b>
<b>Total liabilities and equity</b>		<b>\$ 22,632,590</b>	<b>100</b>	<b>20,557,778</b>	<b>100</b>

(See the attached notes to Consolidated Financial Statements)

Chairman:  
Zhien-Chi (Z.C.) Chen

General Manager:  
Ray, Liu

Accounting Manager:  
James, Wang

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4000	Net sales revenue (Notes 6 (18), (23), 7, and 14)	18,588,978	100	17,127,523	100
5000	Operating costs (Notes 6 (7), (11), (12), (13), (14), (17), (18), (19), (24), 7, and 12)	(15,225,893)	(82)	(13,944,978)	(81)
	Gross operating profit	3,363,085	18	3,182,545	19
	Operating expenses (Note 6 (5), (11), (12), (14), (17), (19), (24), 7, and 12)				
6100	Selling expenses	(1,478,615)	(8)	(1,310,999)	(8)
6200	General and administrative expenses	(362,771)	(2)	(340,815)	(2)
6300	Research and development expenses	(1,084,405)	(6)	(939,026)	(6)
		(2,925,791)	(16)	(2,590,840)	(16)
	Net Operating Income	437,294	2	591,705	3
	Non-operating income and expenses (Note 6 (8), (16), (17), (25), and 7)				
7100	Interest revenue	22,619	-	30,298	-
7010	Other revenue	53,512	1	70,572	1
7020	Other gains and losses	(144,370)	(1)	12,604	-
7050	Financial costs	(133,709)	(1)	(122,163)	(1)
7370	Shares of profits of associates accounted for using the equity method	95,689	1	47,693	1
		(106,259)	-	39,004	1
	Income before tax	331,035	2	630,709	4
7950	Less: Income tax expense (Note 6 (20))	(82,126)	(1)	(126,918)	(1)
	Net profit for the current period	248,909	1	503,791	3
	Other comprehensive income (loss):				
8310	Items that will not be reclassified to profit or loss (Notes 6 (19), (21), and (26))				
8311	Remeasurement of defined benefit plans	4,396	-	6,029	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	1,668	-	8,794	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		6,064	-	14,823	-
8360	Items that may be reclassified subsequently to profit or loss (Notes 6 (8) and (21))				
8361	Exchange differences arising on translation of financial statements of foreign operations	72,934	1	(29,643)	-
8370	Share of other comprehensive income of associates accounted for using the equity method	30,868	-	(11,278)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		103,802	1	(40,921)	-
	Other comprehensive income (loss) for the year	109,866	1	(26,098)	-
8500	Total comprehensive income (loss) for the year	358,775	2	477,693	3
	Net profit for the period attributable to:				
8610	Owners of the parent company	199,206	1	414,352	2
8620	Non-controlling interests	49,703	-	89,439	1
		248,909	1	503,791	3
	Total comprehensive income attributable to:				
8710	Owners of the parent company	303,466	2	390,503	2
8720	Non-controlling interests	55,309	-	87,190	1
		358,775	2	477,693	3
	Earnings per share (Unit: NT\$) (Note 6 (22))				
9750	Basic earnings per share		0.62		1.29
9850	Diluted earnings per share		0.62		1.28

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	Profit and/or loss attributable to the owners of parent company												
	Retained earnings						Other equity items				Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
							Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plans	Total			
	Common stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Total							
Balance as of January 1, 2023	\$ 3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500	202,145	6,250,645
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	126,516	-	(126,516)	-	-	-	-	-	-	-	-
Convert for special reserve	-	-	-	(34,474)	34,474	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)	-	(641,349)
Changes in ownership interests in subsidiaries	-	-	-	-	(301)	(301)	-	-	-	-	(301)	301	-
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(1,123)	(1,123)	-	-	-	-	(1,123)	1,123	-
Acquisition of partial equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,544)	(4,544)
Capital contribution by non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	-	2,016	2,016
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,014,592	3,014,592
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(343,000)	(343,000)
Net profit for the current period	-	-	-	-	414,352	414,352	-	-	-	-	414,352	89,439	503,791
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(38,672)	8,794	6,029	(23,849)	(23,849)	(2,249)	(26,098)
Total comprehensive income (loss) for the year	-	-	-	-	414,352	414,352	(38,672)	8,794	6,029	(23,849)	390,503	87,190	477,693
Balance as of December 31, 2023	3,206,745	192,352	540,821	68,835	1,880,161	2,489,817	(44,495)	(20,011)	(28,178)	(92,684)	5,796,230	2,959,823	8,756,053
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	41,294	-	(41,294)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	23,849	(23,849)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(384,809)	(384,809)	-	-	-	-	(384,809)	-	(384,809)
Change in capital surplus from investments in associates under equity method	-	762	-	-	-	-	-	-	-	-	762	-	762
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(395)	(395)	-	-	-	-	(395)	395	-
Acquisition of partial equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,600)	(2,600)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(411,600)	(411,600)
Net profit for the current period	-	-	-	-	199,206	199,206	-	-	-	-	199,206	49,703	248,909
Other comprehensive income (loss) for the year	-	-	-	-	-	-	98,196	1,668	4,396	104,260	104,260	5,606	109,866
Total comprehensive income (loss) for the year	-	-	-	-	199,206	199,206	98,196	1,668	4,396	104,260	303,466	55,309	358,775
Balance as of December 31, 2024	\$ 3,206,745	193,114	582,115	92,684	1,629,020	2,303,819	53,701	(18,343)	(23,782)	11,576	5,715,254	2,601,327	8,316,581

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang



# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	2024	2023
<b>Cash flows from operating activities:</b>		
Income before income tax for the year	\$ 331,035	630,709
Adjusted items:		
Depreciation expenses	959,476	888,897
Amortization expenses	65,298	57,345
Expected credit impairment reverse benefits	(197)	(13,632)
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	96,836	(49,780)
Interest expenses	133,709	122,163
Interest revenue	(22,619)	(30,298)
Dividend revenue	(1,680)	(3,024)
Shares of profits of associates accounted for using the equity method	(95,689)	(47,693)
Profits from disposal of real estate, plant, and equipment	(1,523)	(723)
Amortization of deferred expenses transferred to expenses	149,099	183,309
Amortization of syndication fee costs	1,712	1,712
Inventory Disaster Loss	110,936	-
Insurance Claims Income	(124,428)	-
Total adjustments to reconcile profit (loss)	1,270,930	1,108,276
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	(304,713)	243,300
Accounts receivable - related parties	(561,498)	(20,563)
Other receivables	3,906	5,299
Other receivables - related parties	(134)	(44)
Inventory	(154,885)	(409,206)
Other current assets	(163,115)	(157,372)
Other non-current assets	(81)	(67)
Total net changes in operating assets	(1,180,520)	(338,653)
Net changes in operating liabilities:		
Accounts payable	160,435	144,789
Accounts payable - related parties	10,504	19,568
Other payables	209,476	(216,265)
Other payables - related parties	(2,084)	(6,012)
Other current liabilities	29,891	10,219
Net defined benefit liabilities	(580)	(1,736)
Other non-current liabilities	-	(223)
Total net changes in related operating liabilities	407,642	(49,660)
Total net changes in operating assets and liabilities	(772,878)	(388,313)
Total adjustments	498,052	719,963
Cash inflow generated from operations	829,087	1,350,672
Interests received	22,619	30,298
Interests paid	(133,390)	(120,554)
Income tax paid	(161,325)	(166,229)
<b>Net cash inflow from operating activities</b>	<b>556,991</b>	<b>1,094,187</b>

(Continued)

(See the attached notes to Consolidated Financial Statements)

Chairman:  
Zhien-Chi (Z.C.) Chen

General Manager:  
Ray, Liu

Accounting Manager:  
James, Wang

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (continued)

January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	2024	2023
<b>Cash flows from investing activities:</b>		
Net cash inflows from merger of subsidiaries	-	(1,781,038)
Acquisition of property, plant, and equipment	(2,435,254)	(1,501,156)
Disposal of property, plant, and equipment	1,523	723
Decrease in guarantee deposits paid	1,407	17,287
Acquisition of intangible assets	(32,730)	(52,244)
(Increase) decrease in other financial assets	707,078	(714,040)
Increase in other non-current assets	(43,740)	(46,882)
Dividends received	24,081	54,359
<b>Net cash outflows from investing activities</b>	<b>(1,777,635)</b>	<b>(4,022,991)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	710,000	438,540
Proceeds from long-term borrowings	2,728,461	5,986,200
Repayments of long-term borrowings	(1,266,943)	(2,444,480)
Decrease in guarantee deposits received	(2,000)	(2,173)
Repayments of lease principal	(106,141)	(103,645)
Purchase of subsidiaries' equity from non-controlling interests	(2,600)	(4,544)
Issuance of cash dividends	(384,809)	(641,349)
Cash capital increase of subsidiary by non-controlling interest shareholders	-	2,016
Cash dividends issued by subsidiaries to non-controlling interests	(411,600)	(343,000)
<b>Net cash inflows from financing activities</b>	<b>1,264,368</b>	<b>2,887,565</b>
<b>Effect of changes in exchange rates</b>	<b>20,649</b>	<b>7,795</b>
<b>Increase (decrease) in cash and cash equivalents for the year</b>	<b>64,373</b>	<b>(33,444)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>619,690</b>	<b>653,134</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 684,063</b>	<b>619,690</b>

(See the attached notes to Consolidated Financial Statements)

Chairman:  
Zhien-Chi (Z.C.) Chen

General Manager:  
Ray, Liu

Accounting Manager:  
James, Wang

## **Audit Report by Certified Public Accountant on Parent Company Only Financial Statements of BenQ Materials Corporation**

To The Board of Directors of BenQ Materials Corporation,

### **Opinions on the audit**

We have audited the Balance Sheets of BenQ Materials Corporation as of December 31, 2024 and 2023, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Material Accounting Policies) for the annual period from January 1 to December 31, 2024 and 2023.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the individual financial position of BenQ Materials Corporation as of December 31, 2024 and 2023, and its individual financial performance and cash flows for the annual periods ended December 31, 2024 and 2023 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

### **Basis of opinions on the audit**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants Engaged and Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. 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 2024 Parent Company Only Financial Statements of BenQ Materials Corporation and its subsidiaries. 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 individually. The accountant's judgment should communicate the key audit matters on the audit report as follows:

#### **1. Inventory Valuation**

For the accounting policies of inventories, please refer to Note 4 (7) of the Parent Company Only Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 (1) of the Parent Company Only Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 (6) of the Parent Company Only Financial Statements.

#### Description of Key Audit Matters:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of Parent Company Only Financial Statements.

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

The accountant's main audit procedures for the above key audit matters include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

#### 2. Assessment of Impairment of Goodwill Generated by Investment in Subsidiaries

For the accounting policies regarding the impairment of non-financial assets, please refer to Note 4 (13) of the Parent Company Only Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 (12) of the Parent Company Only Financial Statements; For the description of the goodwill impairment test, please refer to Note 6 (7) of the Parent Company Only Financial Statements.

#### Description of Key Audit Matters:

The goodwill arising from BenQ Materials Corporation's acquisition of its subsidiary, Cenefom Corp., is included in the carrying amount of investments accounted for using the equity method in the Parent Company Only Financial Statements. Goodwill is subject to an impairment test annually or whenever there are indications of impairment. Since the assessment of the recoverable amount of the cash-generating unit to which the goodwill belongs involves numerous assumptions and estimates made by management, the evaluation of goodwill impairment is one of the key audit matters in our audit of the Parent Company Only Financial Statements of BenQ Materials Corporation.

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

The primary audit procedures performed in response to the aforementioned key audit matter include obtaining the goodwill impairment assessment report prepared by management; evaluating the reasonableness of the estimation basis and key assumptions used by management in measuring the recoverable amount, including the discount rate, projected revenue growth rate, and future cash flow forecasts; conducting a sensitivity analysis on the test results; and reviewing whether BenQ Materials Corporation has adequately disclosed relevant information regarding the goodwill impairment assessment.

#### **The Management's Responsibility and Governing Body of the Parent Company Only Financial Statements**

It is the management's responsibility to fairly present the Parent Company Only Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Parent Company Only Financial Statements, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation (including the Audit Committee) have the responsibility to oversee the process by which the financial statements are prepared.

## **The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the auditing standards, does not guarantee that a material misstatement(s) will be detected in the Parent Company Only Financial Statements. Misstatements can arise from fraud or error. Misstatements 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.

We have utilized our professional judgment and professional skepticism when performing auditing work in accordance with the auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Parent Company Only Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Parent Company Only Financial Statements (including the related notes), and determined whether the Parent Company Only Financial Statements present related transactions and events fairly.
6. Acquire sufficient and appropriate audit evidence for the financial information of the investee company that adopts the equity method to express opinions on 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 on BenQ Materials Corporation.

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

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the Parent Company Only Financial Statements of BenQ Materials Corporation of 2024. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

CPA:

Victor Wang  
Phillips Tang

王勇勝  
唐慈杰



Approved audit number : FSC (audited) No. 1040010193  
February 24, 2025 FSC (6) No. 0940100754

Notice to Readers

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

# BenQ Materials Corporation

## Balance Sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

Assets		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6 (1))	\$ 281,737	2	291,525	2
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	1,457	-	61,027	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 (3))	64,764	-	63,840	-
1170	Notes and accounts receivable, net amount (Notes 6 (4) and (19))	1,811,508	9	1,649,510	10
1180	Notes and accounts receivable - related parties net amount (Notes 6 (4), (19) and 7)	1,751,179	9	1,246,040	7
1200	Other receivables (Notes 6 (5) and 7)	203,076	1	77,173	1
1210	Other receivables - related parties (Notes 6 (5) and 7)	3,442	-	7,548	-
1310	Inventories, net (Note 6 (6))	2,853,875	15	2,815,824	16
1479	Other current assets	252,420	1	191,638	1
1476	Other financial assets - current (Note 8)	14,736	-	9,675	-
<b>Total current assets</b>		<b>7,238,194</b>	<b>37</b>	<b>6,413,800</b>	<b>37</b>
<b>Non-current assets:</b>					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	96,751	-	96,007	1
1550	Investments accounted for using equity method (Note 6 (7))	5,235,072	27	5,354,418	31
1600	Property, plant, and equipment (Notes 6 (9), 7, and 8)	6,471,604	33	4,726,510	27
1755	Right-of-use asset (Note 6 (10))	319,320	2	420,564	3
1780	Intangible assets (Notes 6 (11) and 7)	22,868	-	22,428	-
1840	Deferred tax assets (Note 6 (16))	173,527	1	197,378	1
1920	Guarantee deposits paid	8,424	-	7,402	-
1995	Other non-current assets	17,248	-	12,039	-
<b>Total non-current assets</b>		<b>12,344,814</b>	<b>63</b>	<b>10,836,746</b>	<b>63</b>
<b>Total assets</b>		<b>\$ 19,583,008</b>	<b>100</b>	<b>17,250,546</b>	<b>100</b>

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

# BenQ Materials Corporation

## Balance Sheet (continued)

December 31, 2024 and 2023

Unit: NT\$ thousand

Liabilities and Equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6 (12))	\$ 2,200,000	11	1,490,000	9
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	30,226	-	-	-
2170	Accounts payable	2,663,546	14	2,608,487	15
2180	Accounts payable - related parties (Note 7)	815,472	4	647,230	4
2200	Other payables (Note 6 (20))	1,185,116	6	1,012,221	6
2220	Other payables - related parties (Note 7)	15,535	-	24,451	-
2320	Long-term borrowings due within one year (Note 6 (13) and 8)	330,693	2	381,943	2
2281	Lease liabilities - current (Note 6 (14))	4,966	-	5,796	-
2282	Lease liabilities - related parties - current (Notes 6 (14) and 7)	94,852	-	93,401	-
2300	Other current liabilities (Note 6 (19))	145,297	1	154,817	1
<b>Total current liabilities</b>		<u>7,485,703</u>	<u>38</u>	<u>6,418,346</u>	<u>37</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Notes 6 (13) and 8)	5,850,877	30	4,416,898	26
2570	Deferred tax liabilities (Note 6 (16))	277,306	2	259,585	1
2581	Lease liabilities - non-current (Note 6 (14))	31,455	-	36,421	-
2582	Lease liabilities - related parties - non-current (Notes 6 (14) and 7)	194,527	1	289,379	2
2600	Other non-current liabilities (Notes 6 (13) and (15))	27,886	-	33,687	-
<b>Total non-current liabilities</b>		<u>6,382,051</u>	<u>33</u>	<u>5,035,970</u>	<u>29</u>
<b>Total liabilities</b>		<u>13,867,754</u>	<u>71</u>	<u>11,454,316</u>	<u>66</u>
<b>Equity (Notes 6 (8) and (17)):</b>					
3110	Common stock	3,206,745	17	3,206,745	19
3200	Capital reserve	193,114	1	192,352	1
Retained earnings:					
3310	Legal reserve	582,115	3	540,821	3
3320	Special reserve	92,684	-	68,835	-
3350	Undistributed earnings	1,629,020	8	1,880,161	11
3400	Other equity	11,576	-	(92,684)	-
<b>Total equity</b>		<u>5,715,254</u>	<u>29</u>	<u>5,796,230</u>	<u>34</u>
<b>Total liabilities and equity</b>		<u>\$ 19,583,008</u>	<u>100</u>	<u>17,250,546</u>	<u>100</u>

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang



# BenQ Materials Corporation

## Statements of Comprehensive Income

From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (19) and 7)	\$ 15,205,117	100	14,003,908	100
5000	Operating cost (Notes 6 (6), (9), (10), (11), (14), (15), (20), 7 and 12)	(13,070,754)	(86)	(11,905,042)	(85)
	Gross operating profit	2,134,363	14	2,098,866	15
5910	Realized (unrealized) sales profit and loss	16,400	-	41,497	-
	Realized operating profit and loss	2,150,763	14	2,140,363	15
	Operating expenses (Notes 6 (4), (9), (10), (11), (14), (15), (20), 7 and 12)				
6100	Selling expenses	(651,753)	(4)	(619,022)	(4)
6200	Administrative expenses	(229,961)	(1)	(217,720)	(2)
6300	Research and development expenses	(1,020,238)	(7)	(885,170)	(6)
	Total operating expenses	(1,901,952)	(12)	(1,721,912)	(12)
	Net Operating Income	248,811	2	418,451	3
	Non-operating income and expenses (Notes 6 (7), (13), (14), (21) and 7)				
7100	Interest revenue	12,186	-	8,484	-
7010	Other revenue	27,473	-	19,863	-
7020	Other gains and losses	(143,583)	(1)	(8,417)	-
7050	Financial costs	(130,846)	(1)	(120,956)	(1)
7070	Shares of profits of subsidiaries and associates accounted for using the equity method	213,467	1	153,270	1
		(21,303)	(1)	52,244	-
	Profit before tax	227,508	1	470,695	3
7950	Less: Income tax expense (Note 6 (16))	(28,302)	-	(56,343)	-
	Net profit for the period	199,206	1	414,352	3
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss (Notes 6 (7), (15) and (17))				
8311	Remeasurement of defined benefit plans	3,971	-	5,979	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	1,668	-	8,794	-
8330	Share of other comprehensive income from subsidiaries accounted for using the equity method	425	-	50	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		6,064	-	14,823	-
8360	Items that may be reclassified subsequently to profit or loss (Note 6 (17))				
8361	Exchange differences arising on translation of financial statements of foreign operations	98,196	1	(38,672)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		98,196	1	(38,672)	-
	Other comprehensive income for the period	104,260	1	(23,849)	-
8500	Total comprehensive income for the period	\$ 303,466	2	390,503	3
	Earnings per share (Unit: NT\$, Note 6 (18))				
9750	Basic earnings per share	\$ 0.62		1.29	
9850	Diluted earnings per share	\$ 0.62		1.28	

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

# BenQ Materials Corporation

## Statements of Changes in Equity

From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

							Other equity items				
							Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plans	Total	Total equity
	Common stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Total					
<b>Balance as of January 1, 2023</b>	\$ 3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	126,516	-	(126,516)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(34,474)	34,474	-	-	-	-	-	-
Cash dividend of common share	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	-	(301)	(301)	-	-	-	-	(301)
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(1,123)	(1,123)	-	-	-	-	(1,123)
Net profit for the period	-	-	-	-	414,352	414,352	-	-	-	-	414,352
Other comprehensive income for the period	-	-	-	-	-	-	(38,672)	8,794	6,029	(23,849)	(23,849)
Total comprehensive income for the period	-	-	-	-	414,352	414,352	(38,672)	8,794	6,029	(23,849)	390,503
<b>Balance as of December 31, 2023</b>	3,206,745	192,352	540,821	68,835	1,880,161	2,489,817	(44,495)	(20,011)	(28,178)	(92,684)	5,796,230
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	41,294	-	(41,294)	-	-	-	-	-	-
Account for special reserve	-	-	-	23,849	(23,849)	-	-	-	-	-	-
Cash dividend of common share	-	-	-	-	(384,809)	(384,809)	-	-	-	-	(384,809)
Change in capital surplus from investments in associates under equity method	-	762	-	-	-	-	-	-	-	-	762
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(395)	(395)	-	-	-	-	(395)
Net profit for the period	-	-	-	-	199,206	199,206	-	-	-	-	199,206
Other comprehensive income for the period	-	-	-	-	-	-	98,196	1,668	4,396	104,260	104,260
Total comprehensive income for the period	-	-	-	-	199,206	199,206	98,196	1,668	4,396	104,260	303,466
<b>Balance as of December 31, 2024</b>	<b>\$ 3,206,745</b>	<b>193,114</b>	<b>582,115</b>	<b>92,684</b>	<b>1,629,020</b>	<b>2,303,819</b>	<b>53,701</b>	<b>(18,343)</b>	<b>(23,782)</b>	<b>11,576</b>	<b>5,715,254</b>

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

# BenQ Materials Corporation

## Statements of Cash Flows

From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousand

	2024	2023
<b>Cash flows from operating activities:</b>		
Profit before tax for the period	\$ 227,508	470,695
Adjusted items:		
Depreciation expenses	587,038	527,790
Amortization expenses	30,196	33,522
Reversal of expected credit impairment loss	(85)	(12,199)
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	89,796	(45,511)
Interest expenses	130,846	120,956
Interest revenue	(12,186)	(8,484)
Dividend revenue	(1,680)	(3,024)
Shares of profits of subsidiaries and associates accounted for using the equity method	(213,467)	(153,270)
Profits from disposal of real estate, plant, and equipment	(906)	-
(Realized) unrealized sales profits	(16,400)	(41,497)
Amortization of deferred expenses transferred to expenses	94,618	90,584
Amortization of syndication fee costs	1,712	1,712
Inventory Disaster Loss	110,936	-
Insurance Claims Income	(124,428)	-
Total adjustments to reconcile profit (loss)	675,990	510,579
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(195,966)	270,934
Accounts receivable - related parties	(474,473)	(272,073)
Other receivables	1,912	(1,089)
Other receivables - related parties	4,106	(5,845)
Inventory	(148,987)	(492,974)
Other current assets	(135,315)	(119,216)
Total net changes in assets related to operating activities	(948,723)	(620,263)
Net changes in liabilities related to operating activities:		
Accounts payable	55,059	170,185
Accounts payable - related parties	168,242	(248,510)
Other payables	158,959	(221,457)
Other payables - related parties	(8,916)	(27,122)
Other current liabilities	(9,520)	11,490
Net defined benefit liabilities	(2,058)	(1,736)
Total net changes in liabilities related to operating activities	361,766	(317,150)
Total net changes in assets and liabilities related to operating activities	(586,957)	(937,413)
Total adjustment items	89,033	(426,834)
Cash inflow generated from operations	316,541	43,861
Interests received	12,186	8,484
Interests paid	(130,535)	(119,347)
Income tax paid	(28,393)	(83,996)
Net cash inflow(outflow) from operating activities	169,799	(150,998)

(Continued)

(Please refer to the attached notes to the Parent Company Only Financial Statements)

Chairman:  
Zhien-Chi (Z.C.) Chen

General Manager:  
Ray, Liu

Accounting Manager:  
James, Wang

**BenQ Materials Corporation****Statements of Cash Flows (continued)****From January 1 to December 31, 2024 and 2023****Unit: NT\$ thousand**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of investment using the equity method	(2,600)	(3,166,541)
Return of capital from investments accounted for using the equity method due to capital reduction	-	641,550
Acquisition of property, plant, and equipment	(2,192,994)	(1,079,891)
Disposal of property, plant, and equipment	906	-
Increase in Guarantee Deposits Paid	(1,022)	(483)
Acquisition of intangible assets	(27,961)	(33,161)
(Increase) decrease in other financial assets	(5,061)	789
Increase in other non-current assets	(12,287)	(3,032)
Dividends received	452,481	496,359
<b>Net cash outflows from investing activities</b>	<b>(1,788,538)</b>	<b>(3,144,410)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	710,000	438,540
Proceeds from long-term borrowings	2,644,900	5,986,200
Repayments of long-term borrowings	(1,261,943)	(2,444,480)
Decrease in guarantee deposits received	-	(288)
Repayments of lease principal	(99,197)	(98,712)
Issuance of cash dividends	(384,809)	(641,349)
<b>Net cash inflows from financing activities</b>	<b>1,608,951</b>	<b>3,239,911</b>
<b>Decrease in cash and cash equivalents for the period</b>	<b>(9,788)</b>	<b>(55,497)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>291,525</b>	<b>347,022</b>
<b>Cash and cash equivalents at end of the year</b>	<b>\$ 281,737</b>	<b>291,525</b>

(Please refer to the attached notes to the Parent Company Only Financial Statements)

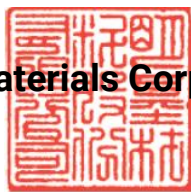
**Chairman:**  
**Zhien-Chi (Z.C.) Chen**

**General Manager:**  
**Ray, Liu**

**Accounting Manager:**  
**James, Wang**

### Attachment III

## BenQ Materials Corporation



### 2024 Statement of Earnings Distribution

Unit: NTD

Net profit after tax in 2024	\$199,206,077
Less: difference between the actual acquisition of subsidiary equity and book value	(394,585)
Net profit after tax plus items other than net profit for the current period are included in the amount of undistributed earnings for the current year	198,811,492
Less: Withdrawal of statutory surplus reserve	(19,881,149)
Add: reversal of special surplus reserve	92,684,499
Surplus available for distribution in 2024	\$271,614,842
Add: undistributed earnings at the beginning of the period	1,430,208,844
Accumulated earnings available for distribution as of the end of 2024	\$1,701,823,686
Distributable items:	
Shareholders' dividend - cash (NT\$0.62 per share)	(198,818,199)
Unappropriated retained earnings	\$1,503,005,487

Note: This cash dividend of the shareholders shall be calculated according to the distribution ratio, until single digits, with the below omitted. The total of the small numbers below single digits shall be adjusted from the decimal point number from the largest to the smallest and the account number from the beginning to the end to comply with the total cash dividend distribution.

Chairman:  
Chen Zhien-Chi



General Manager:  
Liu Jia-Reuy



Accounting Supervisor:  
Wang Shen-Hsing



## **Attachment IV**

### **Measures of Issuance and Conversion of Private Equity Overseas or Domestic Convertible Corporate Bonds (Tentative)**

**I. Issuing Company:**

BenQ Materials Corporation (hereinafter referred to as "the Company" or "BenQ Materials").

**II. Total issuance:**

We authorize the Board of Directors to, provided the common shares shall be no more than 31,800,000 shares, adopt single or combined measures to conduct follow-up offerings by the issuance of common shares and sponsor insurance of overseas depositary receipts and/or follow-up offering by the issuance of common shares, and/or follow-up offering by private placement of common shares, and/or private placement of overseas or domestic convertible corporate bonds. In conducting the private placement of overseas or domestic convertible corporate bonds (hereinafter referred to as "the Company's bonds"), the converted common shares, within the aforementioned scope of 31,800,000 shares, shall be calculated at the conversion price at the time of the private placement.

**III. Issuing date**

Issued once within one year after the approval of the 2025 Annual Shareholders' Meeting.

**IV. Method of issuance**

The company's bonds will be issued in accordance with Article 43-6 of the Securities and Exchange Act and local laws and regulations of the issuance place. The investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and expected benefits for choosing strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development.

**V. Types, denominations, and issue prices of corporate bonds:**

The Company's bonds are privately placed registered convertible corporate bonds with a denomination of US\$10,000 or multiples thereof or NT\$100,000 or multiples thereof. The issue price shall not be less than 80% of the theoretical price.

**VI. Coupon interest rate and payment method of corporate bonds:**

Authorize the Board of Directors to decide based on the status of the financial market.

- VII. **Period of issuance:**  
Not exceeding seven years from the date of issue.
- VIII. **Repayment method:**  
Except for those converted, sold, redeemed, or repurchased and canceled, the Company's bonds shall be repaid in cash at maturity by the Company's bond denomination or with additional interest compensation.
- IX. **Object of conversion:**  
Newly issued ordinary shares of BenQ Materials Corp.
- X. **Conversion:**
1. Conversion period of the Company's bonds: Except for those redeemed, repurchased, canceled, or exercised the conversion right, or those within the restrained period prescribed by the provisions of the issuance contract, the creditors of the Company may request the conversion into common shares of the Company at any time from a specific period after the issuance to a specific period before the maturity of the Company's bonds, in accordance with the relevant laws and regulations and the provisions of the issuance contract.
  2. Conversion procedure of the Company's bonds:  
Upon request for conversion, the holder shall apply to the Company for conversion by preparing the "Conversion Notice" together with the bonds and all documents or evidence required by the laws and regulations of the Republic of China.
  3. The determination and adjustment of the conversion price of the Company's bonds:  
The conversion price should not be lower than the simple arithmetic average closing price of the common stocks for either one, three or five business days before the price determination date, and added back any distribution of stock dividends, cash dividends or capital reduction after adjustment or the simple arithmetic average closing price of the common stocks for 30 business days before the price determination date and added back 80% of the stock price after reduction of the capital stock of the anti-ex eighty percent. For the actual price, it is proposed to the shareholders' meeting to authorize the Board of Directors to determine in accordance with relevant laws and regulations. The Board of Directors is authorized to determine the adjustment of the conversion price.
  4. Attribution of dividends in the conversion year:  
The bondholders of the Company shall not claim the interests or dividends before the conversion; after the conversion, distributed interests or dividends of the common shares of the issuing company, in accordance with the law, shall be enjoyed, which is the same as that of other common shareholders of the Company.
  5. Rights and obligations after conversion:  
Except for the time restrain placed on corporate bonds, as prescribed by Article 43(8) of the Securities and Exchange Act, namely, corporate bonds shall not be transferred within three years after delivery, the rights and obligations of the Company's common shares converted shall be the same as those of the original common shares.

**XI. Pre-redemption conditions of the issuing company:**

The Board of Directors is authorized to determine this.

**XII. Conditions for bondholders to sell back:**

The Company may choose not to offer sell-back rights, or after a designated period has elapsed following issuance of the bonds, holders may require the issuer to redeem all or part of these bonds at a price calculated based on certain annual yield.

**XIII. Other important agreed matters:**

The Board of Directors should be authorized to make necessary adjustments to the issuance conditions for the issuance of the Company's bonds and other matters not covered herein, and to deal with them at its sole discretion.



## Attachment V

### Proposal: Lifting of non-compete restrictions on new directors and representatives thereof

Director	Non-Compete Restrictions Lifted	
Qisda Corporation	Alpha Networks Inc.	Chairman
	DFI Inc.	Chairman
	MetaAge Corporation	Chairman
	TopView Optronics Corporation	Director
	Simula Technology Inc.	Chairman
	Partner Tech Corporation	Chairman
	Data Image Corporation	Chairman
	QS Control Corporation	Director
	BenQ Corporation	Chairman
	Golden Spirit Co., Ltd.	Chairman
	BenQ Dialysis Technology Corporation	Chairman
	Qisda Optronics Corporation	Chairman
	BenQ Biotechnology (Shanghai) Co., Ltd.	Chairman
	Qisda Vietnam Co., Ltd.	Chairman
	H2 Energy Co., Ltd.	Director
	MarkeTop Smart Solutions Co., Ltd.	Director
	Darfon Electronic Corporation	Director
	AUO Corporation	Director
	TCI Gene Inc.	Director
	Rapidtek Technologies Inc.	Director
	Norbel Baby Co., Ltd.	Chairman
Representative of Qisda Corporation: Zhien-Chi (Z.C) Chen	Cenefom Corporation Limited	Chairman
	Web-Pro Co., Ltd.	Chairman Representative of Corporate Shareholder
Representative of Qisda Corporation: Peter Chen	Qisda Corporation	Chairman
	Darfon Electronic Corporation	Director Representative of Corporate Shareholder
	DFI Inc.	Chairman Representative of Corporate Shareholder
	Alpha Networks Inc.	Deputy Director Representative of Corporate Shareholder
	Hitron Technologies Co., Ltd.	Director Representative of Corporate Shareholder
	BenQ Medical Technology Corporation	Chairman Representative of Corporate Shareholder
	Partner Tech Corporation	Chairman Representative of Corporate Shareholder
	BenQ Corporation	Director Representative of Corporate Shareholder
	Nanjing BenQ Hospital Co., Ltd.	Director Representative of Corporate Shareholder
	Suzhou BenQ Hospital Co., Ltd.	Director Representative of Corporate Shareholder
	Industrial Technology Research Institute	Director

Director	Non-Compete Restrictions Lifted	
BenQ Corporation	BenQ Asia Pacific Corporation BenQ NFTY Lab Inc. BenQ Medical Technology Corporation	Chairman Chairman Chairman
Representative of BenQ Corporation: Jasmin Hung	Darfon Electronic Corporation Alpha Networks Inc. MetaAge Corporation Data Image Corporation BenQ Corporation Qisda Optronics Corporation Nanjing BenQ Hospital Co., Ltd. Suzhou BenQ Hospital Co., Ltd. BenQ Biotechnology (Shanghai) Co., Ltd. Shanghai Feite Technology Co., Ltd. TopView Optronics Corporation	Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder
Representative of BenQ Corporation: Michael Tseng	BenQ Corporation BenQ Technology (Shanghai) Co., Ltd. BenQ Smart Technology (Shanghai) Co., Ltd. Shengcheng Trade (Shanghai) Co., Ltd. BenQ Smart Technology (Hong Kong) Co., Ltd. Nanjing BenQ Hospital Co., Ltd. Suzhou BenQ Hospital Co., Ltd.	Chairman Representative of Corporate Shareholder Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder Chairman Representative of Corporate Shareholder Director Director Representative of Corporate Shareholder Director Representative of Corporate Shareholder
Frank Yeh	WPG Electronics Ltd. Senao International Co., Ltd.	Director Representative of Corporate Shareholder Independent Director
Chun-Lin Liu	Taipei Branch, China Medical University Hospital China Medical University Hospital	Vice President Attending Physician in Neurosurgery

## Attachment VI

### BenQ Materials Corporation Comparison Table of Articles of the Articles of Incorporation Before and After Amendments

No.	After amendments	Before amendments	Reason for amendments
Article 19:	<p>If the Company has earnings, it shall set aside 5-20% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.</p> <p><u>The distribution of compensation for grassroots employees shall not be less than 10% of the total compensation for the aforementioned employees.</u></p> <p><u>The objects of the remuneration of employees in the first paragraph</u> to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods are authorized by the Board of Directors or those authorized by the Board to decide.</p>	<p>If the Company has earnings, it shall set aside 5-20% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.</p> <p>The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods are authorized by the Board of Directors or those authorized by the Board to decide.</p>	Amended per legislation
Article 22:	<p>The Articles of Incorporation were established on July 3, 1998 (Omitted)</p> <p>The 23th amendment was made on June 16, 2022</p> <p><u>The 24th amendment was made on May 28, 2025</u></p>	<p>The Articles of Incorporation were established on July 3, 1998 (Omitted)</p> <p>The 23th amendment was made on June 16, 2022</p>	Date Amendment(s) Added

## Appendix I

### Shareholding of Directors

- I. The Company's paid-up capital amounted to NT\$3,206,745,140, accounting for a total of 320,674,514 shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by all directors amounted to 12,826,980 shares.
- II. According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if more than 2 independent directors are elected, the total shareholding percentage calculated by all directors and supervisors other than the independent directors will be reduced to 80%. In addition, if the Company has set up an audit committee in accordance with this law, the regulations concerning the number of shares held by the supervisor shall not be less than a certain ratio.
- III. As of the date of cessation of the shareholders' meeting on March 30, 2025, the actual number of shares held by all directors (excluding independent directors) of the Company was 129,087,453, accounting for 40.25% of the total number of shares of the Company. The actual collective shareholding of directors was shown as below:

Position	Name		Shareholding (shares)	March 30, 2025 Shareholding Ratio (%)
Director	Zhien-Chi (Z.C.) Chen	Representative of Qisda Corporation	43,659,294	13.61
Director	Kuen Yao-Lee		4,580,396	1.43
Director	Ray Liu	Representative of Qisda Corporation	43,659,294	13.61
Director	Peter Chen	Representative of Qisda Corporation	43,659,294	13.61
Director	Michael Tseng	Representative of BenQ Corporation	80,847,763	25.21
Independent Director	Frank Yeh		0	0
Independent Director	Yu-Yang Lu		0	0
Independent Director	Kung Wang		0	0
Independent Director	Chun-Lin Liu		0	0
Total			129,087,453	40.25%

- IV. The number of shares held by all the directors has reached the legally stipulated ownership of shares.

## Appendix II

### Rules and Procedures of the Shareholders' Meeting

Settled at the regular shareholders meeting on March 14, 2000

- I. The Rules and Procedures for Shareholders' Meeting are amended in accordance with the "Rules Governing the Conduct of Shareholders Meetings by Public Companies" promulgated by the Securities and Futures Commission (86) Ministry of Finance (3) No.04109.
- II. Shareholders or agents thereof shall be subject to an attendance check when attending the Shareholders' Meeting, where attendance cards shall be used in replacement of the signature procedure; shares presented by attending shareholders shall be calculated by the number of attendance cards recorded, plus shares represented by the voting rights exercised in writing or electronically.
- III. Attendance and voting at the Shareholders' Meeting shall be calculated on the basis of shares.
- IV. The session venue of the Shareholders' Meeting shall be a place where the Company is located or where it is convenient for the shareholders to attend and suitable for holding the meeting. Commence time of the session shall be no earlier than 9:00 a.m. or later than 3:00 p.m. When the Company convenes a video conference of the Shareholders' Meeting, it shall not be subject to the venue restrictions set forth in the preceding paragraph.
- V. The chairman of the Board of Directors shall be the chair presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the chairman of the Board of Directors is on leave or cannot exercise his power and authority for any reason, the vice chair shall act on behalf of the chair. In case the Company has no vice chairman, or the vice chairman is also on leave or unable to exercise his and authority for any reason, the chairman of the Board of Directors shall designate one of the directors to act on behalf of the chair. If the chairman does not make such designation, the directors shall elect from and among themselves an acting chair of the Board of Directors. If the Meeting is convened by the person other than the Board of Directors who is permitted to convene such Meeting, such person shall be the chair presiding the Meeting.

When the Company convenes a video conference of the Shareholders' Meeting, the following matters shall be stated in the Convening Notice for the Shareholders' Meeting:

1. Methods of shareholders' participation in video conferences and exercising of their rights.
2. Handling of failures in the video conference platform or participation thereof caused by natural disasters, incidents, or other force majeure events, where at least the following matters shall be included:
  - (1) In case of aforementioned persisting failures that cannot be resolved, measures and date of the adjournment or continuation of the session.
  - (2) Shareholders who are not registered to participate in the original Shareholders' Meeting by video conference shall not participate in the adjournment or continuation of the meeting.
  - (3) When convening a Shareholders' Meeting with video assistance, in case of failure in the continuation of the video conference, after deducting the number of shares represented by shareholders attending the Shareholders' Meeting by video conference, if the total of shares represented by the attending shareholders meets the statutory quota, the Shareholders' Meeting shall continue. Shares represented by shareholders participating via video conference shall be included in the total of

shares attending the Shareholders' Meeting yet shall be deemed abstentions to all proposals of the Shareholders' Meeting.

(4) Handling when all resolution results have been announced, yet no provisional motion has been made.

3. When convening a Shareholders' Meeting via video conference, appropriate alternative measures for shareholders who have difficulty participating in the Shareholders' Meeting by video shall be stated.

- VI. The Company shall appoint the designated counsel, Certified Public Accountant, or other related personnel to attend the Shareholders' Meeting.
- VII. The Company shall conduct a whole course recording of audio or video during the Shareholders' Meeting, which shall be subject to storage for at least one year. When the Company convenes a video conference of the Shareholders' Meeting, the Company shall record and preserve the registration, login, attendance, questioning, and voting of shareholders, as well as voting results of the Company, and conduct a whole course recording of audio and video during the video conference without interruption, which shall be well kept in the duration, and submitted to entrusted video conference service provider for preservation.
- VIII. The Chairman shall call to order when scheduled for the session. The Chairman shall announce a postponement of the session only when the attending shareholders fail to represent over 50% of the outstanding shares, with the postponements limited to two times at the most and no longer than one hour in the aggregate. In case of insufficiency, yet attending shareholders represent more than one-third of the total outstanding shares of the Company, tentative resolutions may be made in accordance with §1, Article 174 of the Company Act; In case during the session, the shares represented by the attending shareholders constitute the quorum, namely 50% of outstanding shares of the Company, the Chairman shall propose the tentative resolutions made to the Shareholders' Meeting for approval, in accordance with Article 174 of the Company Act.
- IX. The Shareholders' Meetings shall be convened by the Board of Directors, with the agenda of the Meeting set by the Board of Directors; The Meeting shall proceed in accordance with the agenda unless otherwise resolved by the Shareholders' Meeting; During the Meeting, the Chairman may set time and announce intermission appropriately; The Chairman shall not announce adjournment unless the session is terminated; After adjournment, the shareholders shall not designate any other person as Chairman and continue the session in the same place or another place.
- X. When a shareholder present at the Meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's number, and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder present at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. Unless otherwise permitted by the chair and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder, otherwise the chair shall stop such interruption.
- XI. Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the Chairman

may stop the speech of such shareholder. Shareholders participating via video conference may submit questions in text format on the shareholder meeting video conference platform after the Chairman announces the commencement of the meeting and before the announcement of its adjournment. Each shareholder may ask questions regarding each agenda item no more than twice, with each question limited to 200 words.

- XII. Any legal entity designated as an agent by a shareholder to be present at the meeting may appoint only one representative to attend the meeting. In case two or more legal entities are designated by a shareholder, only one representative may speak for each discussion topic.
- XIII. After the speech of a shareholder, the Chairman may respond or appoint an appropriate person to respond.
- XIV. The Chairman may announce to end the discussion of any discussion item and go into voting if the Chairman deems it appropriate.
- XV. The person(s) to monitor and the person(s) to count the ballots shall be appointed by the chair. The person(s) monitoring the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and recorded in the minutes of the Meeting.
- XVI. Except otherwise provided in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman.
- XVII. When the Company convenes a Shareholders' Meeting via video conference, shareholders participating via video conference shall, after the Chairman calls to order, vote on various proposals and electoral proposals through the video conference platform, which shall be completed before the Chairman's announcement of voting conclusion, and the late shareholders shall be deemed to have abstained.
- XVIII. When a Shareholders' Meeting is convened via video conference, a one-time counting of votes shall be conducted after the Chairman announces the end of the voting, with voting and election results announced.
- XIX. If there is amendment to or substitute for a discussion item, the chair shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any of them has been adopted, the other shall be deemed vetoed and no further voting is necessary.
- XX. The chair may require or supervise the disciplinary officers or the security guards to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Proctor" for identification purposes.
- XXI. In case of incident due to force majeure, the Chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- XXII. Matters not stipulated in these Rules shall be conducted in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, and other laws and regulations concerned.
- XXIII. The Rules and Procedures shall become effective upon the approvals of the Shareholders' Meeting. The same shall apply to amendments to the Rules and Procedures.
- XXIV. This regulation was formulated on March 14, 2000.  
The first amendment was made on May 31, 2023.

## Appendix III

### Articles of Incorporation

#### Chapter I General Principles

- Article I The Company is established in accordance with the Company Act of the Republic of China (the "Company Act"), and the Company's English name is BenQ Materials Corp.
- The Company's English name is BenQ Materials Corp.
- Article II The scope of business of the Company shall be as follows:
- I. CC01110 Computer and peripheral equipment manufacturing
  - II. F401010 International Trade
  - III. CC01080 Electronic parts and components manufacturing business
  - IV. C801100 Synthetic resin and plastic manufacturing
  - V. C801990 Other chemical materials manufacturing
  - VI. F219010 Retail sale of electronic materials
  - VII. CC01120 Data storage media manufacturing and reproduction industry
  - VIII. C802160 Adhesive tape manufacturing
  - IX. CF01011 Medical materials and equipment manufacturing
  - X. C801030 Precision chemical material manufacturing
  - XI. IG01010 Biotechnology service industry
  - XII. CC01090 Battery manufacturing
  - XIII. F108031 Medical equipment wholesale industry
  - XIV. F208031 Retail sale of medical equipment
  - XV. ZZ99999 In addition to licensed business, business that is not prohibited or restricted by law
- In addition to licensed business, business that is not prohibited or restricted by law
- Article III Endorsement and guarantee by the Company to external parties due to business or investment reasons.
- Article IV The total amount of the Company's reinvestment shall not be restricted by Article 13 of the Company Act.
- Article V The Company is located in Taoyuan City.
- When necessary, the Company may establish or set branches and offices in other appropriate locations, upon resolutions by the Board of Directors.
- Article VI The Company's announcement method is in accordance with the provisions of Article 28 of the Company Act.

#### Chapter II Shareholding

- Article VII The total capital of the Company is designated as NTD (hereinafter the same) in the amount of four 4.8 billion, divided into 480 millions shares of NT\$10 each, which shall be issued by the Board of Directors by resolution in installments. 15 million shares are reserved in the aforementioned total shares as shares for issuing employee stock option certificates. The company may issue employee stock options at a stock price lower than the market price, or less than the actual share repurchase price, with the consent of the shareholders representing more than half of the total number of issued shares and the presence of more than two-thirds of the shareholders' voting rights. Average price transferred to employees.



- Article VIII(1) The Corporation's treasury stock acquired under the Company Act may be transferred to the employees of the controlled or subordinate companies who meet certain criteria. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive share subscription warrant of the Company. When the Company issues new shares, eligible employees who can subscribe to the shares shall include employees of controlling or subordinate companies that meet certain criteria. Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive new shares issued by the Company.
- Article VIII The share certificates of the Company shall be all in registered form. The share certificates shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance. The Company may deliver shares by book-entry method in accordance with relevant rules and regulations, without printing share certificate(s); the same applies with other securities issuance.
- Article IX The renaming and transfer of the Company's shares shall be suspended within 60 days prior to the Annual Shareholders' Meeting, within 30 days prior to the Extraordinary Shareholders' Meeting, or within 5 days prior to the base date on which the Company decides to distribute dividends and bonuses or other gains.

### **Chapter III Shareholders' Meetings**

- Article X The Company's Shareholders' Meeting is divided into two types: regular meetings and extraordinary meetings. Regular meetings are convened by the Board of Directors within 6 months after the end of each fiscal year. Extraordinary meetings are convened according to law when necessary.
- The meeting of the shareholders of the Company may be held by videoconference or other means announced by the central competent authority.
- Article XI Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf. Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The formalities for the exercise and revocation of the power of attorney mentioned in the preceding paragraph shall be handled in accordance with the provisions of laws and regulations.
- Article XI(1) This article has been deleted.

## Chapter IV Board of Directors and Audit Committee

- Article XII      The Company has 7 to 9 directors, at most in 11 directors, who are appointed by the Board of Shareholders for a term of 3 years. They shall be appointed by the Board of Shareholders from a list of candidates for directors and may be re-elected by consecutive election. The total number of shares of the Company held by all directors shall not be less than the number prescribed by the competent authority according to law.
- The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure.
- With regard to the remuneration of the directors of the Company, the Board of Directors shall be authorized to negotiate and determine with consideration of director's contribution extents and values in the operations of the Company and the remuneration level of peers in the industry.
- Article XIII     The Directors of the Company shall be elected from the nomination list prepared by the Company. The directors referred to in this constitution include independent directors. List of shareholders
- shareholders shall enjoy one vote per share.
- The Company's directors hereinbefore, are subject to a quote of three at least, to be elected under a nomination system
- shall be elected from the list of candidates for independent directors. Relevant professional qualifications of independent directors, shareholding, part-time job restrictions,
- name and method of election, and other matters to be complied with shall be conducted in accordance with the relevant laws and regulations.
- Independent directors and non-independent directors of the Company shall be elected together, with election results calculated respectively.
- Article XIII(1)   The Company has established an Audit Committee in accordance with the Securities and Exchange Act, which is composed of all independent directors, one of whom serves as the convener,
- and at least one of whom should be equipped with professional knowledge in accounting or finance.
- The resolution of the Audit Committee shall be agreed upon by more than half of all members.
- Article XIII(2)   The Audit Committee established by the Company in accordance with the law is responsible for the implementation of the Company Act, Securities and Exchange Act, other laws and regulations, as well as the Company's Articles of Incorporation and supervisory authority regulated by various measures.
- Article XIII(3)   This article has been deleted.
- Article XIV      The chairman of the Board shall be elected by and among the directors by a majority of directors present at a meeting attended by more than two thirds of directors. The chairman of the Board shall externally represent the Company.
- Article XV      Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act. Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy. Each director may act as a proxy for one other director only.

The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

## **Chapter V President & Vice Presidents**

Article XVI The Company shall have one or more managerial personnel. Appointment, dismissal, and remuneration of the president and vice presidents shall be subject to the provisions of the Company Act.

## **Chapter VI Accounting**

Article XVII The Company's fiscal year lasts from January 1 of each year, to December 31 of the same year.

Article XVIII After the end of each fiscal year of the Company, the Board of Directors shall prepare and submit the following documents: (I) the business report, (II) financial statements, (III) proposals for allocation of earnings or recovery of loss to the Audit Committee for review 30 days before the Annual Shareholders' Meeting. The Audit Committee shall issue a report to the Annual Shareholders' Meeting for recognition.

Article XIX If the Company has annual profits, it shall allocate 5% to 20% for employee remuneration and no more than 1%

Remuneration for directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The Company may allocate employee's remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of the parent company or subsidiary meeting certain conditions.

The Board of Directors or the person duly designated thereof shall be authorized to decide the conditions and allocation method.

Article XIX(1) If the Company has any earnings in its annual general accounts, it shall pay taxes and make up the past losses first and then conduct a withdrawal accounted for 10% as the statutory surplus reserve,

and set aside or reverse the special surplus reserve according to laws and regulations. If there is still surplus and accumulated undistributed surplus,

the Board of Directors shall propose a profit distribution proposal and submit it to the Shareholders' Meeting for resolution.

If the aforementioned profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the Shareholders' Meeting.

Article XIX(2) The Company distributing dividends and bonus in the form of new shares to be issued by the Company in accordance with Paragraphs 2, Article 241 of the Company Act. When the legal reserve and capital surplus are to be distributed in cash, the distribution may be approved by the Board of Directors and reported to the shareholders' meeting. Profits of Company may be distributed in form of cash dividends and/or stock dividends.

Article XX As the Company is technology- and capital-intensive enterprise in its growth phase, the Company has adopted remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth. If

the Company has a net profit for the current year, it shall first use the profit to pay income taxes in accordance with Article 19-1 and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends not less than 10% of the above-mentioned calculated surplus. The annual cash dividend shall not be less than 10% of the total cash and stock dividends paid in the current year in order to take into account the need to expand the operating scale and cash flow in the future.

## **Chapter VII Supplementary Articles**

- Article XXI With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.
- Article XXII The Articles of Incorporation were established on July 3, 1998; the first amendment was made on August 30, 1998;
- The second amendment was made on September 10, 1998; the third amendment was made on October 9, 1998;
- The fourth amendment was made on March 14, 2000; the fifth amendment was made on August 25, 2000;
- The sixth amendment was made on May 8, 2001; the seventh amendment was made on April 23, 2002;
- The eighth amendment was made on May 21, 2003; and the ninth amendment was made on May 18, 2004;
- The tenth amendment was made on May 18, 2004; and the eleventh amendment was made on May 18, 2006;
- The twelfth amendment was made on May 22, 2007; and the thirteenth amendment was made on November 16, 2007;
- The fourteenth amendment was made on May 30, 2008; and the fifteenth amendment was made on June 10, 2009;
- The sixteenth amendment was made on June 9, 2010; the seventeenth amendment was made on June 15, 2011;
- The eighteenth amendment was made on June 21, 2012; the nineteenth amendment was made on June 24, 2015;
- The twentieth amendment was made on June 14, 2016; the twenty-first amendment was made on June 19, 2019;
- The twenty-second amendment was made on June 18, 2020; the twenty-third amendment was made on June 16, 2022

## Appendix IV

### Measures for Election for Directors

- Article I: The election of the Directors of the Company shall be conducted in accordance with these Procedures, unless otherwise regulated by the statute or the Articles of Incorporation.
- Article II: The election of the Directors of the Company shall be held at the Shareholders' Meetings.
- Article III: The election of the Directors of the Company shall be based on a cumulative voting system.
- Article IV: In the election of the Directors of the Company, each share shall enjoy equal rights to other shares that make the number of the Directors to be elected according to its voting rights. One person may be elected collectively, or a number of people may be allocated for election. Those who receive more votes, representing more voting rights, are elected as directors.
- Article V: The directors of this Company are elected by the shareholders' meeting from the list of candidates for directors. According to the quota established in the company's Articles of Incorporation, the candidates are elected in order based on the results of the ballot counting, with those receiving a greater number of votes representing a higher voting power being elected as independent directors and non-independent directors. In the event that two or more individuals have the same number of rights exceeding the stipulated quota, a lottery will be conducted among those with the same rights to determine the allocation. For those not present, the chairperson will conduct the lottery on their behalf.
- If the Company has independent directors, the votes of the Directors shall be elected according to the independent directors and non-independent directors, and the votes shall be counted and elected separately.
- Article VI: Candidates may only select one from the director or supervisor, and participate in the election as a candidate of the selected title.
- Article VII: When the Board of Directors prepares the vote, the number of voting rights shall be added.
- The vote boxes are prepared by the Board of Directors and inspected in front of the public by the overseers before voting.
- Article VIII: At the beginning of the election, the Chairman shall appoint the overseers and counting officers to monitor and count votes.
- Article IX: The Company shall, prior to the close date before the Shareholders' Meeting, announce the period for nomination, the number of directors to be elected, their venue of acceptance, and other necessary matters.
- The election of the Directors of the Company adopts a nomination system of candidates. Members of the Board of Directors of the Company or shareholders holding more than 1% of the total issued shares may provide a list of recommended directors for the next term in accordance with the provisions of the Company Act.
- The election eligibility of the Directors of the Company shall be handled in accordance with the relevant laws and regulations.

- Article X: Shareholders shall be elected from the list of candidates for the Directors.  
If a candidate is also a shareholder, said shareholder must clearly indicate the candidate's name and shareholder account number in the candidate section of the ballot. If the candidate is not a shareholder, the candidate's name and identification document number must be clearly provided. When a government or corporate shareholder is a candidate in an election, the name of the candidate in the election ballot should include the name of the government or corporation. Additionally, the name of the representative of the government or corporation may also be included. If there are multiple representatives, the names of each representative should be listed separately.
- Article XI: Votes shall go invalid under either of the circumstances as follows:
- I. Those who do not use the ballots stipulated in these Measures.
  - II. Blank votes.
  - III. In blurry handwriting or illegible due to alteration.
  - IV. The name stated on notes does not match the published list of candidates.
  - V. Other words or symbols are mixed, in addition to the matters stipulated in Article X.
  - VI. Failed to fill in, or filled in incompletely, in accordance with Article X.
  - VII. One vote contains the names of two or more candidates.
- Article XII: After the completion of voting, the votes shall be counted on the spot. Upon the confirmation by the Supervisor, the Chairman shall announce the voting result and winning directors.
- Article XIII: This Procedure shall be implemented upon the Resolution of the Shareholders' Meeting, with same rule applying to amendments thereof.
- Article XIV: These implementing measures were formulated on April 23, 2002  
The first amendment was made on May 18, 2006  
The second amendment was made on May 22, 2007  
The third amendment was made on June 09, 2010  
The fourth amendment was made on June 21, 2012



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